

**School District No. 6
Columbia Falls, Montana**

**FINANCIAL AND COMPLIANCE
REPORT**

Year ended June 30, 2014

**School District No. 6
Columbia Falls, Montana**

**FINANCIAL AND COMPLIANCE REPORT
Year ended June 30, 2014**

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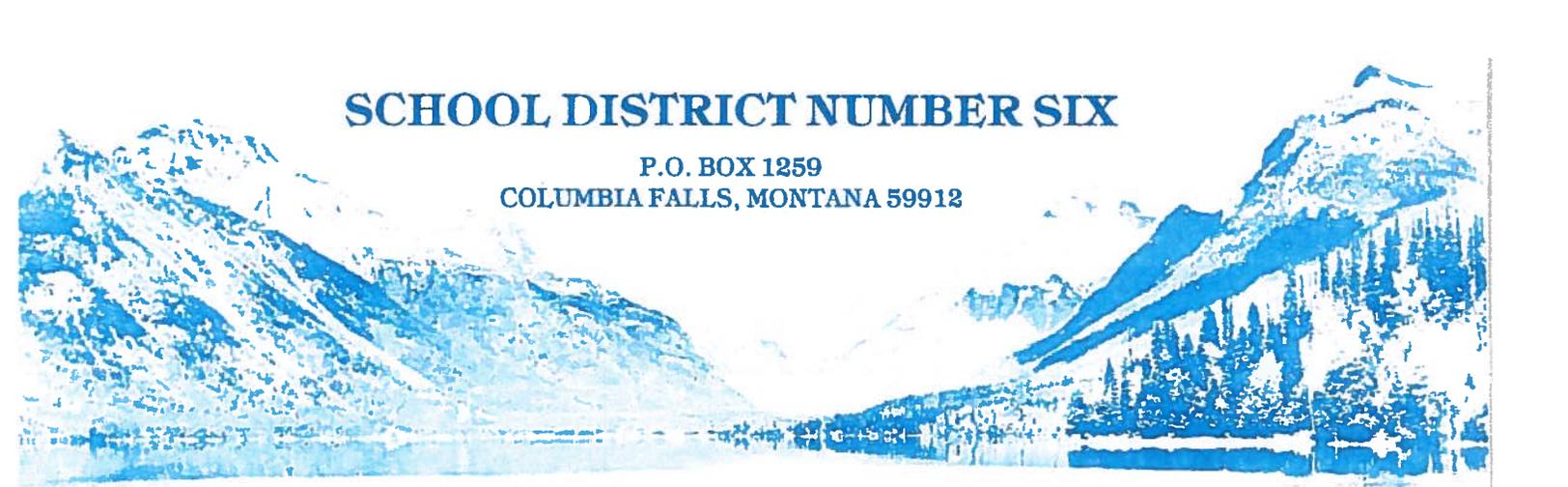
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SCHOOL DISTRICT NUMBER SIX

P.O. BOX 1259
COLUMBIA FALLS, MONTANA 59912

Columbia Falls School District No. 6 (Elementary and High School) Management Discussion and Analysis Report (MD&A) For the Fiscal Year Ended June 30, 2014

The Columbia Falls Public School District No. 6 (the District) offers the readers of the District's financial statements this discussion and analysis to introduce the basic financial statements and provide an analytical overview of the financial activities of the District for the fiscal year ended June 30, 2014. Certain comparative information between the current year and the two previous fiscal years is also presented in this discussion and analysis.

Financial Highlights

Net Assets – The change in net position is important because it tells the reader if the financial position of the school district as a whole has improved or diminished. The District's assets exceeded liabilities by \$13,722,034 at the end of the fiscal year. This represents an increase of \$603,084 or 4.58% over the previous year. The primary factors contributing to this increase as compared to -1.03% in 2013 and -5.60% in 2012 are as follows:

- Multi District Agreement Fund Balance as of 6/30/14 \$592K
- Better than expected claims experience increased the Health Insurance Program Fund by \$782K.
- The Retirement fund balance decreased \$183K as a result of the 2013 legislative session decreasing the reserve limit.
- The Miscellaneous Programs fund decreased \$115K as a result of the use of previously accumulated Medicaid funds and the expenditure of Indian Education for All OTO and Ruder Playground equipment funds.

The financial position when utilizing the modified accrual basis of accounting as noted in the fund income statement depicts a smaller increase to fund balance of \$330,215 primarily because the health insurance fund is not reported in the fund financial statements. The largest portion of the District's net position (65%) reflects its investment in capital assets net of related debt. Approximately 41% of net assets were subject to external restrictions on how they may be spent. Unrestricted net position – the part of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation, or other legal requirements is represented by a negative \$850,944 at the end of the fiscal year. The negative

balance is a result of depicting the restricted balances as well as the net capital asset balances with the remaining amount, in this case a negative, shown as unrestricted.

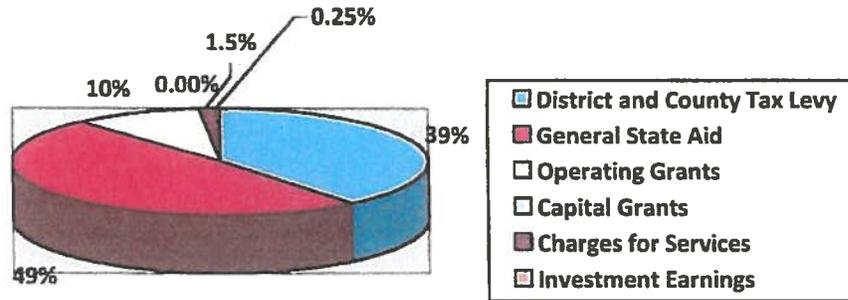
Capital Outlay – Total capital outlay expenditures were \$150,927 during 2014 as opposed to \$420,279 during 2013. \$49,740 of the capital outlay expenditures were incurred to replace the playground equipment at Ruder Elementary. \$44,519 of the capital outlay expenditure was related to replacing vehicles. Specifically, one of the two cars used in the driver's education program and a delivery van.

Operating Reserves – The Elementary District's General Fund operating reserve for the fiscal year ended June 30, 2014 was \$692,280, which represents 7.12% of the ensuing years adopted budget. The High School District's General Fund operating reserve for the fiscal year ended June 30, 2014 was \$480,297, which represents 8.64% of the ensuing years adopted budget. This level of operating reserves is consistent to the prior year and represents the balance deemed necessary based on the limited anticipated use of these reserves. This consistent level of reserves was maintained as a result of the taxes collected approximating the taxes levied. The District is still plagued by centrally-assessed protested taxes. The State Department of Revenue did reach a settlement with several of these centrally assessed taxpayers near the end of the fiscal year. However, the taxes paid under protest were not released to the local taxing jurisdictions as of June 30, 2014. The operating reserves of all other budgeted funds for the fiscal year ended June 30, 2014 either exceed or meet the reserve limit established by state statute.

Federal Funding – Federal revenues of \$1,933,700 decreased \$88,519 or 4.3% as compared to FY 2013. The District received a clean air grant in 2013 to replace a school bus. This was not a reoccurring grant thus skewing the federal revenue comparability from year to year. The reoccurring federal revenue for E.S.E.A. and I.D.E.A. programs has decreased over the past several years but appears to have stabilized at the current point.

State and Local Funding – Fluctuations within the state and local sources of funding are primarily the result of changes to law (state legislative environment) and enrollment. State funding is primarily based on enrollment. As enrollment declines, the burden shifts to the local taxpayers to maintain consistent funding. District enrollment was in a long-term downward trend through 2012. During this period, the District was able to reduce staff and expenditures in-line with serving fewer students. Although enrollment started to stabilize in 2013, stabilization of the overall funding will lag actual enrollment trends due to three year average enrollment being utilized to generate funding levels. During the past three years, enrollment for budget purposes has declined and state revenue funding the general fund has decreased \$416,085 or 3.9%. The District has increased the local tax levy in an effort to maintain current programs. The local tax levy increased \$434,405 or 6.9% in 2014 as compared to 2013. The total General Fund budget in 2014 was comparable to 2010. Interesting to note Projections do indicate that 2014 will be the bottom and state funding should start to increase albeit at a minimal amount.

Governmental Funds Revenue	2011	2012		2013		2014	
State	11,055,041	11,453,071	3.60%	11,312,221	(1.23%)	11,129,113	(1.62%)
Federal	3,608,490	2,144,062	(40.58%)	1,993,623	(7.02%)	1,933,700	(3.00%)
Local/Other	8,613,316	8,943,330	3.83%	8,906,573	(.41%)	9,402,427	5.57%
Total	23,276,847	22,540,463	(3.16%)	22,212,417	(1.46%)	22,465,240	1.14%



Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the assets, liabilities, and deferred in-flows/out-flows of the District, with the difference reported as net position. 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 presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The government-wide financial statements can be found on pages 5 to 6.

Fund financial statements - A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate financial compliance with legal requirements. The fund financial statements provide detailed information about the most significant funds, not the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Most of the District's day-to-day operations are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains thirty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *General Fund* and the *Elementary Miscellaneous Programs Fund*, which are considered to be major funds. Data from the other thirty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 7 and 9.

Proprietary funds - The District maintains one proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for services provided to all the other funds of the District: *Employee Benefits Self-Insurance Fund*. The internal service fund has been included within governmental activities in the government-wide financial statements.

The internal service fund is presented in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 11 to 13.

Fiduciary fund - Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. The District's fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statements can be found on pages 14 and 15.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 to 34.

Budget-to-Actual Comparisons

In the absence of any budget amendments during FY 2014, The District's original and final budgets were identical. The budgetary comparison schedules on page 35 show how actual expenditures compared to the original and final budgeted expenditures for the General Fund.

Property Tax Revenue – a negative variance of \$13,909 as a result of the collection of prior year taxes including penalty and interest approximating the amount of current year uncollected taxes. Property that is centrally assessed by the Department of Revenue includes several taxpayers that have protested their valuations for the past several consecutive years. In May 2014, the District received notice that a significant amount of the protested tax issues were settled. However, the District did not receive the distribution of this settlement as of fiscal year end. The resolution of this matter between the Department of Revenue and the property owner will result in the stabilization of property tax revenue. As of June 30, 2014, the protested tax receivable balance is 447,838, which represents 6.72% of property tax collected during FY 2014.

Regular Instructional – a positive variance of \$26,372 occurred primarily from personnel related issues such as leave without pay, mid-year insurance changes, and employee reclassifications.

Special Education – a positive variance of \$59,606 occurred as a result of several mid-year resignations and insurance benefit election changes.

Improvement of Instructional Services – a positive variance of \$72,194 as the result of a contingency built into the Flex Fund. Unexpended Flex funds may be carried over to subsequent years. This balance is then budgeted as a contingency using this function code in an effort to fund unanticipated curriculum or technology resources.

Educational Media Services – a negative variance of \$58,716 occurred primarily to upgrade the computers utilized by teachers within their classrooms.

School Administration – a positive variance of \$15,521 occurred as a result of the reclassification necessary to comply with new state legislation regarding a new funding source dubbed Data for Achievement. Student Information Program license expenditures budgeted from the school administration function were reclassified to the new state funding source.

Business Administration – a positive variance of \$27,241 occurred as a result of several mid-year resignations and insurance benefit election changes.

Operations and Maintenance of Plant – a positive variance of \$113,657 occurred because utility costs were less than expected as a result of a mild winter.

Extracurricular – a negative variance of \$48,241 occurred to as several teams were successful in making the state tournament, which resulted in additional travel costs. The District also purchased equipment for the football and track programs.

School Food – a positive variance of \$50,000 occurred as the annual operating deficit for this program was lower than expected.

Capital Outlay – a negative variance of \$67,831 occurred as the result of using the other positive budget variances to replace the delivery van and a mower.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government’s financial position.

Condensed Statement of Net Position

	Governmental Activities		FY 2014	\$ Change	% Change
	FY 2012	FY 2013			
Current and other assets	8,048,681	8,229,631	9,366,777	1,137,146	13.81
Capital assets	14,870,359	14,558,522	13,968,319	(590,203)	(4.05)
Total Assets	22,919,040	22,788,153	23,335,096	546,943	2.40
Other liabilities	1,555,632	547,171	524,477	(22,694)	(4.15)
Long-term liabilities	8,107,288	8,896,847	9,072,129	175,282	1.97
Total liabilities	9,662,920	9,444,018	9,596,606	(218,902)	(2.26)
Deferred inflows of resources	n/a	225,185	16,456	(208,729)	(92.69)
Net Position					
Invested in capital assets, net of related debt	8,409,259	8,714,288	8,911,222	196,934	2.26

Non expendable	522,815	533,666	550,194	16,528	3.10
Restricted	5,023,601	4,489,907	5,111,562	621,655	13.85
Unrestricted	(699,555)	(618,911)	(850,944)	(232,033)	(37.49)
Total net position	13,256,120	13,118,950	13,722,034	603,084	4.58

Governmental Activities - Net position increased by \$603,084 or 4.58% during the year ended June 30, 2014. The following list highlights some of the key changes during the year.

Instructional services expenses – As a school district, the majority of all costs are the employee salary and benefits. In addition, of all the salary and benefit costs, 64% are for instructional services. Therefore when there are changes in the salary and/or benefit costs, those changes amplify in this function. For the year ended June 30, 2014, the cost to the District to fund retirement benefits increased \$452,241 or 25.57%. The required employer contribution to both the teacher’s retirement system (TRS) and the classified employee’s retirement system (PERS) increased as a result of the 2013 state legislative session. The required contributions to TRS increased from 7.47% to 8.47% and the contributions to PERS increased from 6.80% to 7.80%. Subsequent increases are projected to provide the necessary actuarial valuations to fund the projected future benefit expenses. The cost to fund health insurance benefits increased 1.27% as the monthly district contribution increased from \$864 per employee per month to \$883.

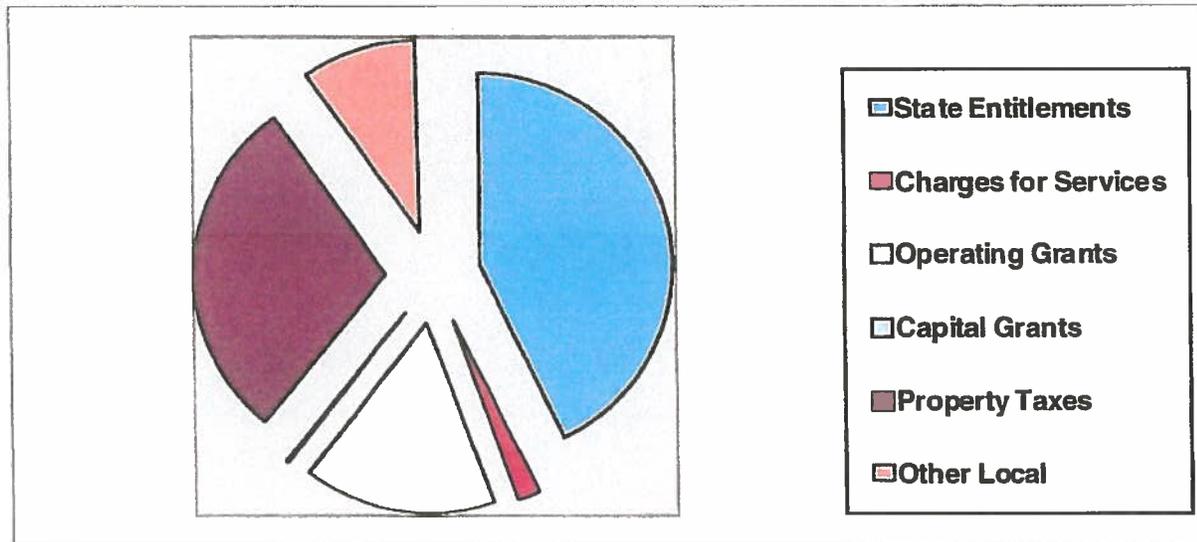
Columbia Falls School District’s changes in Net Position

	Governmental Activities		FY 2014	\$ Change	% Change
	FY 2012	FY 2013			
Revenues					
Program revenues:					
Charges for services:					
Student breakfast/lunch	315,732	295,216	301,779	6,563	2.22
Building use fees	10,855	10,885	10,708	(177)	(1.63)
Drivers education classes	30,800	27,365	30,470	3,105	11.35
Adult education classes	611	2,280	500	(1,780)	(78.07)
Operating grants and contributions:					
Federal Grants:					
Title I	767,332	683,789	694,157	10,368	1.52
IDEA	584,235	511,099	479,745	(31,354)	(6.13)
ARRA	7,040	0	0	0	0
USDA school food	533,087	550,368	564,995	14,627	2.66
Title IIA	194,722	172,433	158,456	(13,977)	(8.11)
Carl Perkins	55,392	34,886	34,448	(438)	(1.26)
State special education	657,261	624,084	665,803	41,719	6.68
State Medicaid programs	438,451	466,070	469,490	3,420	.73

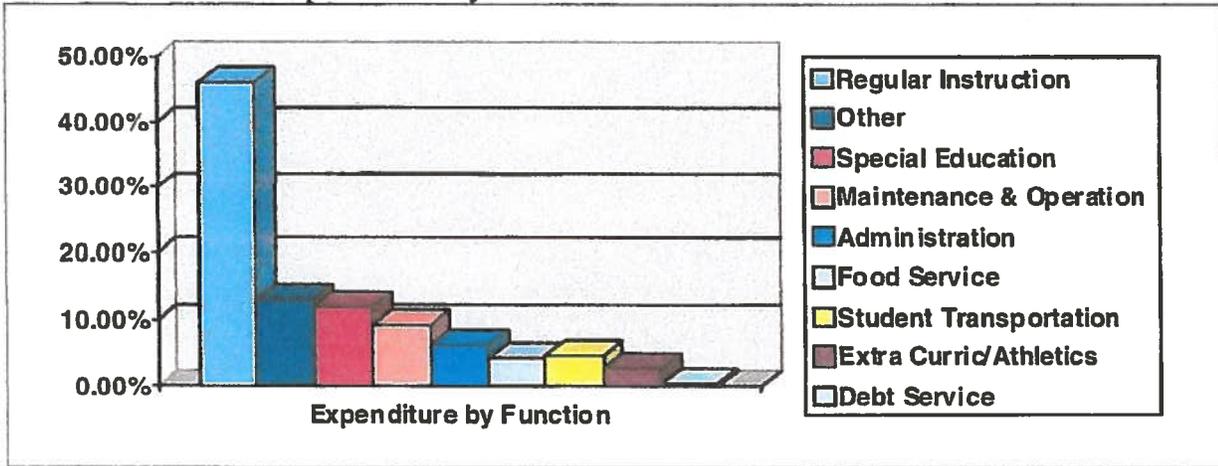
State/County transp.	341,107	331,339	337,958	6,619	2.00
Indian education for all	48,552	60,994	53,020	(7,974)	(13.07)
Data for achievement	0	0	22,130	22,130	100
Extracurricular donations	48,327	49,966	34,660	(15,306)	(30.63)
Academic donations	0	0	15,052	15,052	100
Montana Digital Acad.	22,444	46,153	63,724	17,571	38.07
State vocational education	0	0	13,501	13,501	100
State drivers education	13,802	13,012	17,390	4,378	33.65
State gifted and					
Scholarship endowments	6,349	0	23,198	23,198	100
Other	32,495	54,756	24,511	(30,245)	(55.20)
Capital grants and contributions:					
EPA Clean Diesel Bus	0	40,000	0	(40,000)	(100)
Quality schools facility	19,360	0	0	0	0
Ruder Playground	0	33,357	10,000	(23,357)	(70.02)
Glacier Park-Greenhouse	0	27,005	0	(27,005)	(100)
Other	0	14,520	0	(14,520)	(100)
General revenues:					
Property taxes	6,354,152	6,369,941	6,658,545	288,604	4.53
State Revenue/ Entitlements	10,050,342	9,872,434	9,670,495	(201,939)	(2.05)
Investment Earnings	78,876	39,255	45,585	6,330	16.13
County Retirement	1,720,862	1,765,594	2,034,180	268,586	15.21
Miscellaneous	94,059	131,858	91,762	(40,096)	(30.41)
Total Revenues	22,426,245	22,228,659	22,526,262	297,603	1.34
Program expenses					
Regular programs	10,640,463	9,904,107	10,110,314	206,207	2.08
Special programs	2,852,312	2,752,727	2,649,278	(103,449)	(3.76)
Vocational programs	544,830	500,489	483,401	(17,088)	(3.41)
Adult education programs	5,457	9,255	3,579	(5,676)	(61.33)
Supporting services:					
Students	974,501	962,560	1,018,331	55,771	5.79
Improvement of instruction services	411,205	483,579	369,563	(114,016)	23.58
Educational media services	562,410	525,165	570,259	45,094	8.59
General Administration	372,155	403,817	248,154	(155,033)	(38.39)
School Administration	1,129,621	1,044,366	1,058,641	14,275	1.37

Business Services	404,995	405,701	402,497	(3,204)	(.79)
Operations and maintenance	2,114,394	1,999,182	2,001,943	2,761	.14
School food	988,864	971,846	938,678	(33,168)	(3.41)
Extracurricular	565,763	615,403	590,253	(25,150)	(4.09)
Student transportation	954,581	987,254	999,778	12,524	1.27
Debt service expense	293,190	325,710	82,866	(241,844)	(74.56)
Unallocated depreciation	361,377	361,747	360,350	(1,397)	(.39)
Special Assessments	38,118	37,860	37,822	(38)	(.10)
Transfers to other districts	0	5,581	0	(5,581)	(100)
Total expenses	23,214,237	22,365,829	21,925,710	(440,119)	(1.97)
Increase (decrease) in net assets	(787,992)	(137,170)	603,083	740,253	

Revenue by Source-Governmental Activities



Expenditure by Function-Governmental Activities



Net (Expenses) Revenues

The District's total revenues for the fiscal year ended June 30, 2014, was \$22,528,793. The total cost of all programs and services was \$21,925,710, which generated an increase in net assets of \$603,083.

Expenditures Supported with General Revenues (from taxes and other sources for general school use)	\$18,503,098	84.39%
Expenditures Supported with Program Revenues	\$3,422,612	15.61%
Total Expenditures Related to Governmental Activities	\$21,925,710	100%

Financial Analysis of the District's Funds

Governmental funds - The focus of the District's governmental funds is to provide information on how money flows into and out of the funds and to show balances left at year-end available for spending. Under Montana law, there are specific fund balance reserve limitations. This is in alignment with the concept that the revenues provided to a District are intended to be used during the period for which they were generated. That is to say that at the beginning of a fiscal year, fund balances must not exceed specific reserve limitations. If over the course of the year, the difference between budgeted and actual revenues and expenditures leaves an unspent balance, that unspent balance must not exceed specific limitations to prevent a District from accumulating excess funds. Fund balances may (and in some cases must) be reserved or designated and carried over to the next year for specific purposes. As those specific purposes are part of next year's budget and are identified as specific reservations and/or designations of fund balances, they are not available for appropriation. Fund balances for the capital projects and other governmental funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion. Total fund balances in the governmental funds increased \$330,217 during the year ended June 30, 2014 to \$5,477,236. The General Fund's ending fund balances increased 553,091 primarily as a result of establishing a multi-district interlocal fund in which funds were transferred from other budgeted funds to accumulate and be used to enhance educational opportunities during subsequent years.

The Transportation Fund's ending balance increased \$70,808 primarily as a result of the collection of prior year protested taxes and not expending the available appropriation. The retirement fund ending fund balance decreased \$183,681 as new state statute enacted during the 2013 legislative session reduced the ending fund balance reserve from 35% to 20% of the ensuing years budget. The excess fund balance was transferred to the Teachers' Retirement System during FY 2014. The miscellaneous programs fund decreased \$115,839 primarily as the result of the use of accumulated Medicaid funds to shore-up the special education budget and the use of one time only state funds provided in 2007 to offset costs of the common core implementation.

General Fund - The *General Fund* is the primary operating fund of the District.

The unassigned balance as of June 30, 2014 was 2,058,227.

The *General Fund* has a restricted fund balance of 14,515 for inventory.

The District assigned \$207,260 of the General Fund balance for encumbrances.

Capital Assets and Debt Administration

As of June 30, 2014, the District had invested \$25,846,778 in capital assets including land, buildings, construction in progress, and machinery and equipment. This represents a net increase of \$114,576 prior to depreciation.

The District acquired:

- Replaced a 2001 Drivers Education Vehicle with a 2014 vehicle with the proceeds from a property insurance settlement.
- Replaced a 2002 delivery van with a 2014 van.
- Replaced a 1990 commercial mower with a new model 2014 mower.
- The High School purchased a \$20,509 3D Printer for the industrial technology program.
- The District upgraded the surveillance system at the High School for \$8,240 in an effort to ensure a safe learning environment in the wake of nation-wide school shootings.
- The "Big Toy" in the Ruder Elementary playground was replaced with new playground equipment to enhance safety and function.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2014:

Land	\$ 409,252
Buildings	10,467,453
Improvements other than buildings	1,418,169
Machinery and equipment	1,673,445
Total	<u>\$13,968,319</u>

Debt Administration –At June 30, 2014, the District had \$4,875,000 in general obligation bonds outstanding, of which \$770,000 is due within one year. Pursuant to Montana law, the maximum amount for which the district may become indebted is 45% of the sum of the facility guaranteed mill value per elementary ANB times 1,000 times the elementary ANB of the district and the facility guaranteed mill value per high school ANB times 1,000 times the high school ANB of the district. The District’s bonding capacity as of June 30, 2014 is \$52,639,190. Therefore, the current unused legal debt capacity is 47,764,190.

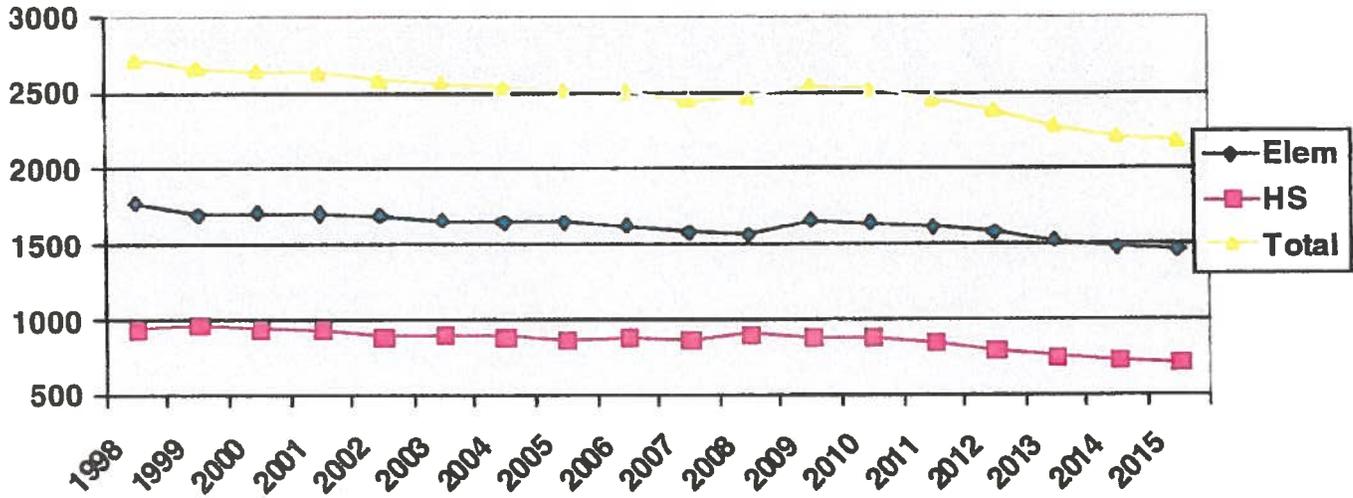
A summary of the District’s outstanding long-term debt for the year ended June 30, 2014 is presented below:

General obligation bonds	\$4,875,000
Unamortized bond Premium	\$ 180,201
Post Employment Health Insurance-OPEB	\$ 3,605,422
Capital Lease	\$ 1,896
Compensated absences	\$ 409,610
Total	<u>\$9,072,129</u>

Economic Factors and the District’s Future

Student enrollment peaked during the 1998 school year. Enrollment was on a decline until 2013. During this fifteen-year time span the Elementary District enrollment dropped 279 students or 16% while the High School District enrollment dropped 230 students or 24%. The enrollment decline was exacerbated from 2009-2013 during the great recession. Enrollment declined as a result of the closure or reduction to several large industrial companies located within the District boundaries. Additionally, the District demographics appear to consist of an aging population. Real-estate growth and development has actually increased during this time of declining enrollment. Minimal job creation and wage growth coupled with an increase in real-estate values has made it difficult for young families that typically have school-age students to live within the District. Declining enrollment is a financial concern because the district receives state funding based upon the number of students that are served. As enrollment declines, so does state funding. The savings associated with serving fewer students does not keep-up with the decrease in state funding. Every year the District looks at the student population by classroom to determine if it is possible to reduce FTE. However, the District is limited with regards to this decision. Not only are classroom sizes mandated by state statute, the District also ensures the sizes are such that provide students with a quality learning environment. Additionally, an overall decline in enrollment within the District may not affect each classroom enough to justify a change in FTE.

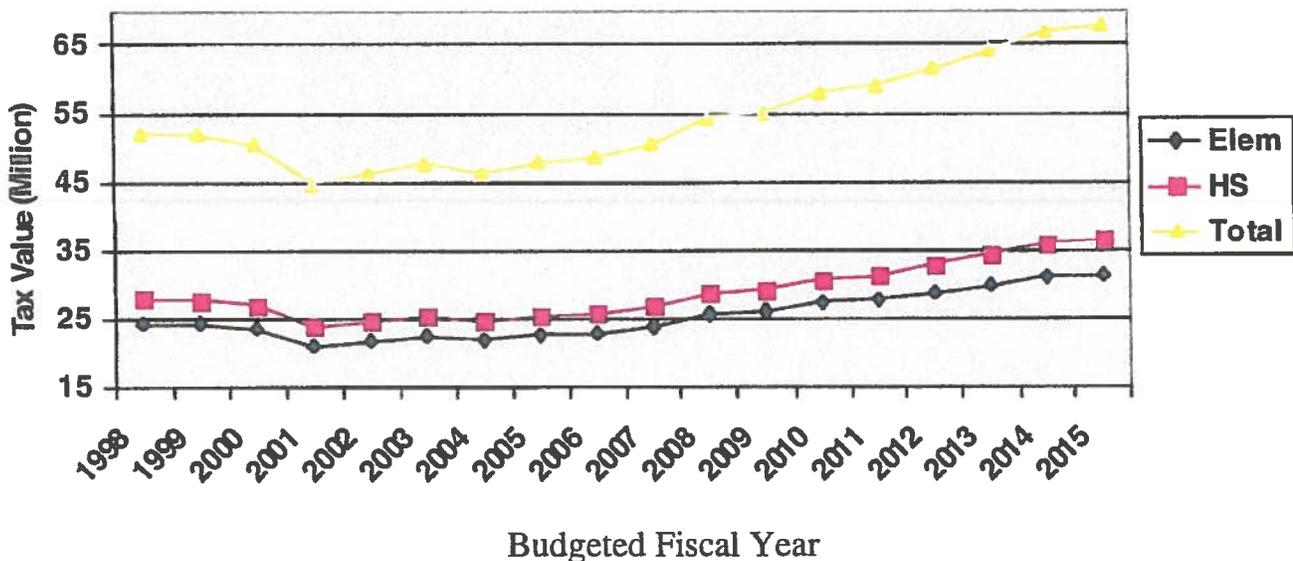
Student Enrollment History



ANB for Budgeted Fiscal Year

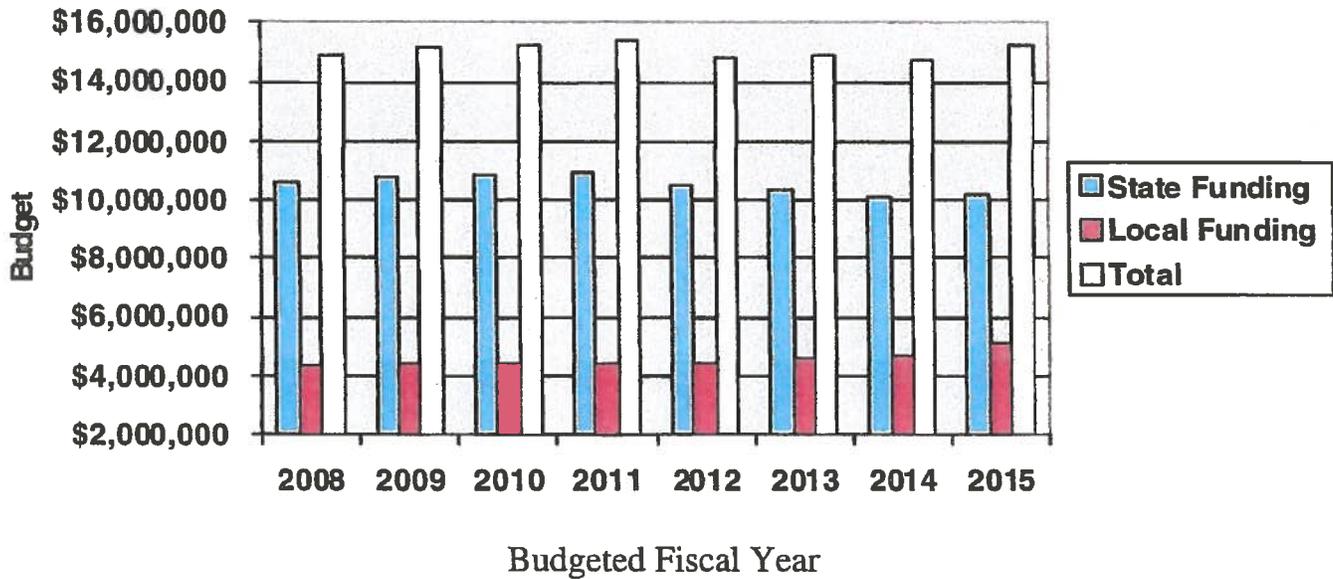
The District does not obtain additional funds from an increase in taxable valuation. The District's budget is based solely on the number of students and the funding per student provided by the State. However, the taxable valuation of the District impacts local taxpayers and specifically the share of the cost that each taxpayer is burdened to fund the District. The taxable valuation has been on a steady increase. The increase is in large part from growth in development in the early part of the past decade as well as the reappraisal conducted in 2009. Although the total taxable valuation has increased, the tax value has shifted from commercial taxpayers to residential taxpayers. This is due to a decline in business production from the large industries within the taxing jurisdiction. The top ten taxpayers share less of the burden due to this decrease in tax value provided to these businesses. This leaves each residential homeowner sharing more of the burden to fund the District.

Taxable Valuation History



The Columbia Falls School District was the lead plaintiff in a lawsuit to challenge the constitutionality of Montana's current system for funding its public elementary and secondary schools. In April 2004 the District Court ruled that in order to satisfy the Montana Constitution, the State's school finance system must be based upon a determination of the needs and costs of the public school system, and the school finance system must be designed and based upon educationally relevant factors. The State Supreme Court upheld this rule in November 2004. This Court ordered that the effects of this decision should not go into effect until October 2005 in order to provide the Legislature ample time to address the issue. An Interim Committee was established by the Legislature in April 2005 to address the school funding problem. Additional State funding was provided during a Special Legislative Session in January 2006 and the regular session in FY 2007. However, the outcome of these sessions was simply additional money. It did nothing to reform or fix the school-funding situation as mandated by the Court Order. Funding is not provided based on educational relevant factors. Furthermore, for budget year 2009, the District was right back in the same position as before the new funding. The District was provided with only 2.62% increase in budget authority in the Elementary District General Fund and .43% in the High School. In February 2008, the District filed a court order to provide FY 2009 relief and an order to show cause. The Judge dismissed the request for supplemental relief in December 2008. The court cited additional ongoing as well as one-time-only funds provided over the course of two regular and two special sessions subsequent to the 2004 decision. This action exhibited a commitment to provide a basic system in public schools grounded in principles of quality. However, the Judge stated that the funding provided in 2009 was troubling and cautioned the State from continuing on this downward trend. The downward trend has continued through the 2011 legislative session. The additional state funding provided during the 2011 session was less than inflation. The Montana Quality Education Coalition filed suit on November 17, 2011 noting that the funding provided for the 2011-12 biennium does not meet the requirements contained within the state constitution. As a result of a settlement agreement, the State did uphold the legal inflationary increase requirement for fiscal year 2013. However, due to declining enrollment, the District general fund budgets in 2014 are less than the budget authority provided in 2009. The combined budget authority has decreased \$726,217 over the past three (4) fiscal years. During this time period the state funding has decreased \$886,049 while the local funding has increased \$217,635. The current funding formula dictates that while enrollment declines the burden shifts to local taxpayers to maintain funding. The District successfully passed a local levy election in May 2014. This levy election increased the funding from local taxpayers by \$478,000. The funds will be used to off-set the perpetual reductions to state funding over the past four years.

Funding of the District General Fund Budget



Contact for Additional Information

This financial report is designed to provide our citizens, taxpayers, students and all other interested parties with a general overview of the District's finances and to show accountability for tax dollars. If you have questions about this report or need additional financial information, contact the Business Administrator, Columbia Falls School District, PO Box 1259, Columbia Falls, MT 59912.



ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

INDEPENDENT AUDITORS REPORT

Board of Trustees
School District No. 6
Columbia Falls, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 6, Columbia Falls, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise School District No. 6's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 6, Columbia Falls, Montana, as of June 30, 2014, and the 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.

Other Matters

Required Supplementary Information

Accounting Principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule on page 35, and the Schedule of Funding Progress - Other Post Employment Benefits 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 response 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School District No. 6's basic financial statements. The accompanying supplementary information is presented to comply with state and federal requirements and is not a required part of the financial statements.

Required by the State of Montana

The Schedule of School District Enrollment (page 38) and the Schedule of Extracurricular Fund Revenues, Expenditures and Changes in Net Position (pages 39-40) are required by the State of Montana.

Required by Office of Management and Budget Circular A-133

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The Schedule of School District Enrollment, the Schedule of Extracurricular Fund Revenues, Expenditures and Changes in Net Position, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 Schedule of School District Enrollment, the Schedule of Extracurricular Fund Revenues, Expenditures and Changes in Net Position, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

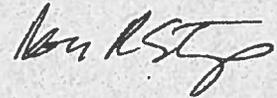
Supplemental Information

The Supplemental Information presented on pages 43-54 is included by Management to comply with bond continuing disclosure requirements. It is not a required part of the financial statements and has not been subjected to the auditing procedures applied during the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 2, 2015 on our consideration of School District No. 6'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 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 School District No. 6's internal control over financial reporting and compliance.

March 2, 2015



Ross R. Stalcup
Certified Public Accountant

**School District No. 6
Columbia Falls, Montana
STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS	
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$8,461,251
Investments	29,471
Accounts Receivable	
Property Taxes	382,115
Protested Taxes	447,838
State	15,100
Inventories	19,002
Prepaid Expenses	12,000
Total Current Assets	9,366,777
<u>Noncurrent Assets</u>	
Capital Assets Net of Accumulated Depreciation	
Land	409,252
Land improvements	1,418,169
Buildings	10,467,453
Machinery and equipment	1,673,445
Total Noncurrent Assets	13,968,319
Total Assets	23,335,096
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	0
Total Assets and Deferred Outflows of Resources	23,335,096
LIABILITIES	
<u>Current Liabilities</u>	
Due within one year	948,260
Accrued Salaries and Related Expenses	226,031
IBNR Liability	298,446
Total Current Liabilities	1,472,737
<u>Long-Term Liabilities</u>	
Due in more than one year	4,518,447
Post Employment Health Insurance Benefits	3,605,422
Total Long-Term Liabilities	8,123,869
Total Liabilities	9,596,606
DEFERRED INFLOWS OF RESOURCES	
Resources received prior to being earned	16,456
Total Deferred Inflows of Resources	16,456
Total Liabilities and Deferred Inflows of Resources	9,613,062
Total Net Position	13,722,034
NET POSITION	
Invested in Capital Assets, Net of Related Debt	8,911,222
Restricted	
Non expendable	550,194
Instruction	149,845
Transportation	556,656
Retirement Benefits	697,009
Support Services	88,615
Debt Service	285,125
Capital Projects	815,657
Health Insurance Benefits	2,518,655
Unrestricted	(850,944)
Total Net Position	\$13,722,034

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	Expenses	—Program Charges for Services	Operating Grants	Revenue— Capital Grants	Net (Expense) Revenue
GOVERNMENT OPERATIONS					
Instruction:					
Regular Instruction	\$10,110,314	\$30,470	\$966,155		(\$9,113,689)
Special Education	2,649,278		1,266,148		(1,383,130)
Vocational Education	483,401		47,949		(435,452)
Adult Education	3,579	500			(3,079)
Supporting Services:					
Students	1,018,331		364,747		(653,584)
Improvement of Instruction Services	369,563		45,145		(324,418)
Educational Media Services	570,259		177		(570,082)
General Administration	248,154				(248,154)
School Administration	1,058,641		22,130		(1,036,511)
Business Services	402,497				(402,497)
Operation and Maintenance of Plant	2,001,943	10,708	2,803	10,000	(1,978,432)
Student Transportation Services .	999,778		337,958		(661,820)
Non-Educational Services:					
Student Extracurricular	590,253		50,012		(540,241)
School Food	938,678	301,779	569,014		(67,885)
Unallocated Depreciation	360,350				(360,350)
Debt Service:					
Interest Payments	82,566				(82,566)
Bond Agency Fees	300				(300)
Special Assessments	37,822				(37,822)
Totals	<u>\$21,925,707</u>	<u>\$343,457</u>	<u>\$3,672,238</u>	<u>\$10,000</u>	<u>(\$17,900,012)</u>
GENERAL REVENUES					
Property Taxes for General Purposes					6,658,543
Motor Vehicle Taxes					43,511
Direct State Aid					5,852,514
State Guaranteed Tax Base Aid					2,455,119
State Property Tax Reimbursement ..					698,607
State School Block Grant					2,034,180
County Retirement Distribution					91,762
Other Revenue Local Sources					45,585
Investment Earnings					28,719
State Technology Equalization Aid ...					488,524
Quality Educator Entitlement					82,101
At-Risk Student Entitlement					21,400
American Indian Student Entitlement					18,500,565
Total General Revenues					<u>18,500,565</u>
Transfers (to) Other Districts					2,531
Gain(Loss) on Sale of Fixed Assets ..					603,084
CHANGE IN NET POSITION					603,084
Net Position					
Beginning of Year					13,118,950
End of the Year					<u>\$13,722,034</u>

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

MAJOR FUNDS

	General	Elementary Miscellaneous	Other Governmental	Total
ASSETS				
Cash and Cash Equivalents	2,414,966	221,838	3,019,345	5,656,149
Investments			29,471	29,471
Accounts Receivable:				
Property Taxes	266,799		115,316	382,115
Protested Taxes	315,425		132,413	447,838
State			15,100	15,100
Inventories	14,515		4,487	19,002
Total Assets	3,011,705	221,838	3,316,132	6,549,675
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	0	0	0	0
Total Assets and Deferred Outflows of Resources	3,011,705	221,838	3,316,132	6,549,675
LIABILITIES				
Accrued Salaries and Related Expenses	149,479		76,552	226,031
Total Liabilities	149,479	0	76,552	226,031
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	582,224		247,729	829,953
Resources Received Prior to being Earned			16,456	16,456
Total Deferred Inflows of Resources	582,224	0	264,185	846,409
Total Liabilities and Deferred Inflows of Resources	731,703	0	340,737	1,072,440
FUND BALANCES				
Non-Spendable Fund Balance:			550,194	550,194
Spendable Fund Balance:				
Restricted	14,515	7,436	2,323,227	2,345,178
Assigned	207,260	214,402	101,975	523,637
Unassigned	2,058,227			2,058,227
Total Fund Balances	2,280,002	221,838	2,975,396	5,477,236
Total Liabilities and Deferred Inflows and Fund Balances	\$3,011,705	\$221,838	\$3,316,133	\$6,549,676

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**RECONCILIATION
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total fund balance from previous page \$5,477,236

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Those assets consist of:

Land	409,252	
Land improvements, net of \$708,988 accumulated depreciation	1,418,169	
Buildings, net of \$8,559,697 accumulated depreciation	10,467,453	
Machinery and equipment, net of \$2,609,774 accumulated depreciation	1,673,445	13,968,319

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources. 829,953

An internal service fund is used by management to charge the costs of employees health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net position. The internal service fund statement net position balance at year-end is: 2,518,655

Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. During the fiscal year, the District advanced refunded a general obligation bond to reduce the debt service payments. Balances at year-end are:

Capital Lease	(1,896)	
General Obligation Bonds	(5,055,201)	
Post Employment Health Insurance Benefits	(3,605,422)	
Compensated Absences Liability	(409,610)	(9,072,129)
Rounding		

Net Position \$13,722,034

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

MAJOR FUNDS				
	General Fund	Elementary Miscellaneous Fund	Other Governmental Funds	Total
REVENUES:				
Property Taxes	\$4,645,578		\$2,010,957	\$6,656,535
County Revenue			2,203,160	2,203,160
State Revenue	10,123,681	493,600	511,832	11,129,113
Federal Revenue		1,332,358	601,342	1,933,700
School Lunch Sales			301,778	301,778
Earnings on Investments	9,583	1,210	19,290	30,083
Other Local	5,164	62,373	143,334	210,871
Total Revenues	14,784,006	1,889,541	5,791,693	22,465,240
EXPENDITURES:				
Instructional Services:				
Regular Programs	7,469,111	833,828	1,491,233	9,794,172
Special Education	1,646,018	641,902	438,124	2,726,044
Vocational Education	413,383		83,227	496,610
Adult Education			4,561	4,561
Supporting Services:				
Students	582,702	366,064	95,726	1,044,492
Improvement of Instruction Services	251,266	82,710	45,400	379,376
Educational Media Services	516,860	497	63,548	580,905
General Administration	214,120	3,767	36,765	254,652
School Administration	876,543	2,698	214,819	1,094,060
Business Services	344,294	489	77,397	422,180
Operations and Maintenance of Plant	1,835,817	3,916	157,493	1,997,226
Student Transportation Services	12,486		736,619	749,105
Non-educational Services:				
Extracurricular	519,646		67,934	587,580
School Food	15,000		934,302	949,302
Capital Outlay	67,831	44,262	38,834	150,927
Debt Service:				
Principal Payments			757,102	757,102
Interest Payments			112,600	112,600
Bond Agency Fees			300	300
Special Assessments			37,822	37,822
Total Expenditures	14,765,077	1,980,133	5,393,806	22,139,016
Excess (Deficiency) Of Revenues Over Expenditures	18,929	(90,592)	397,887	326,224
OTHER FINANCING SOURCES (USES)				
Transfers (In)	591,900		61,398	653,298
Transfers (Out)	(57,739)		(595,559)	(653,298)
Proceeds Sale of Fixed Assets			4,050	4,050
Change in Inventory-Purchase Method			(59)	(59)
Total Other Financing Sources	534,161	0	(530,170)	3,991
Net Change in Fund Balance	553,090	(90,592)	(132,283)	330,215
FUND BALANCE				
Beginning of the Year	1,726,912	312,430	3,107,679	5,147,021
End of the Year	\$2,280,002	\$221,838	\$2,975,396	\$5,477,236

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

for the Year Ended June 30, 2014

Change in Fund Balances	\$330,215
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, these assets with an initial, individual cost of more than \$5,000 for land, land improvements, buildings, and equipment are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current fiscal year:</p>	
Capital Outlays	150,927
Loss on sale of Capital Assets	2,531
Proceeds from sales of Capital Assets	(4,050)
Depreciation Expense	(739,609)
	(590,201)
<p>Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current expenditures, and therefore are reported as deferred inflows in the funds. Deferred inflows of tax revenue decreased during the fiscal year.</p>	
	45,518
<p>An internal service fund is used by management to charge the costs of employees health insurance to individual funds. The change in net position of the internal service fund is reported in governmental activities.</p>	
	782,601
<p>Refunding bonds were issued at a premium and reported as an other financing source in the year the bonds were issued. The amount is reported as a deferred inflow in the Statement of Net Position and amortized over the terms of the bonds.</p>	
	30,034
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net position. The net changes in other long-term liabilities are:</p>	
Capital Lease	2,102
General Obligation Bonds	755,000
Post Employment Health Insurance Benefits	(755,946)
Compensated Absences Liability	3,761
Rounding	
Change in Net Position	\$603,084

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2014

	<u>Governmental Activities Internal Service Funds</u>
ASSETS	
Cash and cash equivalents	\$2,805,101
Accounts receivable:	
Prepaid expenses	12,000
Total Assets	<u>2,817,101</u>
LIABILITIES	
IBNR Liability	<u>298,446</u>
Net Position	
Spendable Fund Balance:	
Restricted for:	
Health Insurance Benefits	<u>2,518,655</u>
Total Net Position	<u>2,518,655</u>
Total Liabilities and Net Position	<u><u>\$2,817,101</u></u>

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND**

for the Fiscal Year Ended June 30, 2014

	Governmental Activities Internal Service Funds
Operating Revenues:	
District health insurance contribution	\$2,369,940
Employee health insurance contribution	364,712
Cobra receipts	991
Voluntary vision insurance premium	24,537
Voluntary dental insurance premium	118,140
Total Operating Revenues	2,878,320
Operating Expenses:	
Health insurance claims	1,503,028
Stop-loss insurance premium	490,245
Life insurance premium	16,333
Vision insurance premium	28,286
Dental insurance premium	137,756
Health promotion	37,781
Administrative fees	103,186
Early Retiree Reinsurance program	0
Total Operating Expenses	2,316,615
Operating Income (Loss)	561,705
Non-operating revenues (expenses):	
Interest earnings	15,501
Retiree benefits	205,395
Total Non-operating revenues (expenses)	220,896
Change in Net Position	782,601
Net Position - Beginning of the Year	1,736,054
Net Position - End of the Year	\$2,518,655

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

for the Fiscal Year Ended June 30, 2014

Cash Flows from Operating Activities:	
Receipts from District's health insurance contribution	\$2,369,940
Receipts from employee's health insurance contribution	364,712
Receipts from COBRA participants	991
Receipts from voluntary vision program	24,537
Receipts from voluntary dental program	118,140
Payments to provide health insurance benefits	(2,372,333)
Payments to third party administrator	(103,186)
	402,801
Net Cash Provided (Used) by Operating Activities	
Cash Flows from Non Operating Activities:	
Retiree Benefits	205,395
	205,395
Net Cash Provided (Used) by Non Operating Activities	
Cash Flows from Investing Activities	
Interest on investments	15,501
	15,501
Net Cash Provided (Used) by Investing Activities	
Net increase (decrease) in cash and cash equivalents	623,697
	623,697
Cash and cash equivalents at July 1, 2013	
	2,096,720
Cash and cash equivalents at June 30, 2014	
	\$2,720,417
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	561,705
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Prepaid expenses	4,500
IBNR Liability	(163,404)
	(158,904)
Net Cash Provided (Used) by Operating Activities	\$402,801

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2014

	Private Purpose Trusts
ASSETS	
Cash and short term investments	\$230,527
Restricted cash and investments	176,729
Total Assets	<u>407,256</u>
LIABILITIES	
Total Liabilities	<u>0</u>
Net Position	
Restricted Net Position	<u><u>\$407,256</u></u>

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

JUNE 30, 2014

	Private Purpose Trusts
ADDITIONS	
Contributions:	
Private sources	23,462
Student activities	387,288
Total contributions	<u>410,750</u>
Investment earnings:	
Net appreciation (depreciation) on fair value of investments	(244)
Interest	566
Dividends on investments	1,476
Total investment earnings	<u>1,798</u>
Total Additions	<u>412,548</u>
DEDUCTIONS	
Student activities	370,293
Student scholarships	18,500
Total Deductions	<u>388,793</u>
Change in Net Position	<u>23,755</u>
Net Position - Beginning of year	<u>383,501</u>
Net Position - End of year	<u><u>\$407,256</u></u>

See Notes to Financial Statements

**School District No. 6
Columbia Falls, Montana**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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Notes to Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting and financial reporting policies of the School District is presented to assist the reader in effectively evaluating the School District's financial statements. These policies conform to US GAAP applicable to governmental entities. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and their pronouncements have been consistently applied in the preparation of the accompanying financial statements. The following is a summary of the significant policies.

A. Reporting Entity

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing School District No. 6 are accountable to their constituents for their public policy decisions. All operations of School District No. 6 are controlled by a Board of Trustees, elected in School-wide elections, and responsible for all of the School's activities. The financial statements include all of the District's operations controlled by the Board of Trustees. Based on the GASB Statement No. 14 criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the District is considered to be an independent reporting entity and has no component units.

The District was established under Montana law to provide elementary and secondary educational services to residents of the District. The District actually consists of two legally separate entities; a High School District and an Elementary School District. The Elementary District provides education from kindergarten through the eighth grade and the High School District provides education from grades nine through twelve.

Separate accounting records must be maintained for each District because of differences in funding and legal requirements. However, both Districts are managed as a single system by a central board of trustees, elected in district-wide elections, and by a central administration appointed by and responsible to the Board. These financial statements present, as a single reporting entity, all activities over which the Board of Trustees exercises responsibility.

Notes to Financial Statements (continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Basis of Presentation and Basis of Accounting

Government-wide 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 fiduciary funds.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the District are generally financed through property taxes, state equalization funding, and federal and state grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met. Adjustments have been made to eliminate the double recording of internal activities.

The Statement of Activities present comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. The District does not charge indirect expenses to programs or functions. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity (primarily school lunch and breakfast charges) and operating grants, capital grants, and contributions that are restricted to a particular program. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net position have been eliminated. Internal service fund transactions have been combined with government-wide activity.

Fund Financial Statements - These statements provide information about the District's funds, including a separate statement for the District's fiduciary fund. The emphasis of fund financial statements is on major governmental funds. Each major fund is displayed in a separate column. All of the remaining funds are aggregated and reported in a single column as other governmental funds.

These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues as they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted resources are available.

Notes to Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Basis of Accounting (Continued)

Most current property taxes receivable are delinquent at June 30 and amounts collected soon after year-end are not significant. Deferred inflows of resources are recorded for these receivables. Property tax levies for the subsequent fiscal year are recorded as property tax receivables because they become a lien on real property as of January 1. Because these taxes are levied for the subsequent fiscal year, they are offset by deferred inflows.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences which are recognized as expenditures when paid. General capital asset acquisitions under capital leases are reported as other financial sources.

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement funds first to finance such programs with remaining costs paid for with general revenues.

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures exceed 10% or more of the total for all governmental funds also be reported as major funds, or at management's discretion.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Major Governmental Funds

Accordingly, the District reports the following major governmental funds:

General fund

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

Elementary Miscellaneous Programs fund

This fund accounts for the revenues and expenditures of local, state, or federal grants and reimbursements. Donations and expendable trusts for scholarships or other purposes that support District programs are deposited in this fund.

Notes to Financial Statements (continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Basis of Presentation and Basis of Accounting** (Continued)

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues for enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal Service Funds

The internal service fund is a health insurance fund which provides medical coverage to the District employees and retirees. Internal service funds are reported using the economic resources measurement focus and the accrual basis of accounting which is similar to the basis used for the government-wide financial statements. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flow takes place. Investment earnings are reported as non-operating revenues. All assets and liabilities are recorded in the internal service fund financial statements.

Fiduciary Funds

The District reports the Student Extracurricular funds as fiduciary funds as they represent assets held in a trust capacity (private purpose trust fund) for the student extracurricular activities and therefore cannot be used to support the District's own programs.

The District reports the High School Endowment fund as a fiduciary fund as the fund represents assets held in a trustee capacity for scholarships and therefore cannot be used to support the District's own programs.

Notes to Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

State law permits investment of District funds in insured savings or time deposits, bank repurchase agreements, direct obligations of the U.S. Government, and the State's unified investment program. The District's cash, except for the Student Extracurricular Fund, Endowment Fund, and Miscellaneous Trust Fund, is held by the County Treasurer and pooled with other County cash. The District participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis.

The School District does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Flathead County deposits and investments is available from Flathead County Treasurer's office, 800 Main Street, Kalispell, MT 59901. Fair value approximates carrying value for investments as of June 30, 2014.

D. Inventories

The District utilizes the consumption method of accounting for inventory in the General Fund and the cost of inventories are recorded as an expenditure when used or consumed. At year end if the value of inventory is significant, it must be recorded as an asset. The purchases method of accounting is utilized in the Food Service Fund.

E. Property Taxes

Property taxes receivable at June 30 consist primarily of delinquent and protested property taxes from the current and prior year levies. Property taxes receivable are offset by deferred inflow of resources in the fund financial statements. The District does not record an allowance for uncollectible taxes because it is considered to be immaterial. The direct write-off method is used for these accounts.

Property taxes are levied in August of each fiscal year, based on assessments as of the prior January 1. Taxable values are established by the Montana Department of Revenue, and a revaluation of all property is required to be completed on a periodic basis. Real property taxes are usually billed in October and are payable 50% on November 30 and 50% on May 31. Property taxes are maintained and collected by the County Treasurer.

F. Capital Assets

Capital assets are carried at actual or estimated historical cost based on appraisals. Major additions and betterments with a cost in excess of \$5,000 are recorded as additions to fixed assets. Repair and maintenance costs are not capitalized. Depreciation is computed using the straight-line method and the estimated useful lives are as follows:

Buildings	50 years
Building Improvements	10 - 25 years
Site Improvements	20 - 25 years
Machinery & Equipment	3 - 20 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the District has included the value of all infrastructure into the Basic Financial Statements. The government has elected not to retroactively report general infrastructure assets.

Notes to Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences

Non-teaching District employees earn vacation leave ranging from fifteen to twenty-four days per year depending on the employee's years of service. Vacation leave may be accumulated not to exceed two times the maximum number of days earned annually. Sick leave is earned at a rate of one day per month for non-teaching employees. Upon retirement or termination, employees are paid for 100% of unused vacation leave and 25% of unused sick leave. The liability associated with governmental fund-type employees is reported in the governmental-type activities. Upon termination, certified employees (teachers) are paid pursuant to the master agreement.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates. Examples include depreciation, Incurred But Not Reported health insurance claims, and Other Post Employment Benefit liability.

I. Deferred Inflow/Outflow of Resources

A *deferred outflow* of resources is defined as a consumption of net position by the government that is applicable to a future reporting period and a *deferred inflow* of resources as an acquisition of net position by the government that is applicable to a future reporting period. A deferred outflow of resources has a positive effect on net position, similar to assets, and a deferred inflow of resources has a negative effect on net position, similar to liabilities.

2. CASH AND INVESTMENTS

The District participates in the Flathead County Investment Pool. Student activity funds are deposited in FDIC insured, interest bearing, checking accounts.

The following restricted cash/investments were held by the District as of June 30, 2014. These amounts are reported within the cash/investment account on the Combined Balance Sheet.

<u>Description</u>	<u>Amount</u>
Donor Restricted	\$726,923
Student Activity Trust	230,527
Total	<u>\$957,450</u>

Notes to Financial Statements (continued)

3. RETIREMENT PLANS

The District participates in two statewide, mandatory, cost-sharing, multiple employer, defined benefit retirement plans which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Montana Teachers' Retirement System (MTRS) covers teaching employees, including principals and superintendents. The Montana Public Employees' Retirement System (MPERS) covers other non-teaching employees. The plans are established by State law and are administered by the State of Montana. The plans provide retirement, disability, and death benefits to plan member and beneficiaries.

Contribution rates for both plans are required and determined by State law. The state of Montana makes on behalf payments for the District. The contribution rates, expressed as a percentage of covered payroll, were as follows:

	<u>Employer</u>	<u>Employee</u>	<u>State</u>	<u>Total</u>
TRS	8.47%	8.15%	2.11%	18.73%
PERS	7.80%	7.90%	0.37%	16.07%

The State on behalf payment is considered immaterial and has not been included in the financial statements.

The amounts contributed to TRS and PERS during the years ended June 30, 2012, 2013, and 2014 were equal to the required contribution for each year. The amounts contributed by both the District and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
TRS	\$764,248	\$797,340	\$1,213,336 *
PERS	156,359	148,634	176,815
Total	<u>\$920,607</u>	<u>\$945,974</u>	<u>\$1,390,151</u>

*Included OTO transfer.

Both plans issue a publicly available financial report that includes financial statements and required supplementary information for the plans. Those reports may be obtained from the following:

MT Teachers Retirement System
P.O. Box 200139
1500 Sixth Avenue
Helena, Montana 59620-0139
Telephone (406) 444-3134

MT Public Employees Retirement System
P.O. Box 200131
1712 Ninth Avenue
Helena, Montana 59620-0131
Telephone (406) 444-3154

Notes to Financial Statements (continued)

4. CAPITAL ASSETS

Capital asset activity during 2014 was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Cost of assets:				
Land	\$409,252			\$409,252
Buildings	19,027,151			19,027,151
Improvements other than buildings	2,064,682	62,474		2,127,156
Machinery & Equipment	4,231,118	88,452	(36,351)	4,283,219
Total	<u>\$25,732,203</u>	<u>\$150,926</u>	<u>(\$36,351)</u>	<u>\$25,846,778</u>
Accumulated depreciation:				
Buildings	(8,195,732)	(363,965)		(\$8,559,697)
Improvements other than buildings	(639,308)	(69,679)		(708,987)
Machinery & Equipment	(2,338,641)	(305,965)	34,831	(2,609,775)
Total	<u>(11,173,681)</u>	<u>(739,609)</u>	<u>34,831</u>	<u>(11,878,459)</u>
Capital Assets, Net	<u>\$14,558,522</u>	<u>(\$588,683)</u>	<u>(\$1,520)</u>	<u>\$13,968,319</u>

Governmental Activities

	High School	Elementary	Total
Depreciation:			
Instructional regular	18,750	6,592	25,342
Supporting services operations & maintenance	22,803	32,430	55,233
Supporting services general	405	133	538
Supporting services students		127	127
Administration school		664	664
Administration finance	807	1,639	2,446
Student transportation	92,491	170,864	263,355
Extracurricular	6,080	11,923	18,003
School food	6,805	6,746	13,551
Unallocated depreciation	39,926	320,424	360,350
Total governmental activities depreciation expense	<u>188,067</u>	<u>551,542</u>	<u>739,609</u>

Depreciation for Building and Equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as "unallocated depreciation" on the Statement of Activities.

Notes to Financial Statements (continued)

5. LONG TERM DEBT

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, are expensed at the date of sale.

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

Changes in Long-Term Debt Liabilities - During the year ended June 30, 2014, the following changes occurred in liabilities reported in long-term debt:

	June 30 2013	Payment	Additions	June 30 2014	Current
Compensated Absences -Elem	\$252,938	(\$2,139)		\$250,799	\$115,779
Compensated Absences -HS	160,433	(1,622)		158,811	60,585
Other Post Employment Benefits	2,849,476		755,946	3,605,422	
Capital Leases	3,998	(2,102)		1,896	1,896
General Obligation Bonds					
Series 2013	5,630,000	(755,000)		4,875,000	770,000
Bond Premium	210,235	(30,034)		180,201	30,034
Total Value	<u>\$9,107,080</u>	<u>(\$790,897)</u>	<u>\$755,946</u>	<u>\$9,072,129</u>	<u>\$978,294</u>

Notes to Financial Statements (continued)

5. LONG TERM DEBT (Continued)

General Obligation Bonds - The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2014 were as follows:

Purpose	Origination Date	Interest Rate	Term	Principal Amount	Annual Payment	Balance June 30, 2014
New Series 2013	4/2/2013	2%	8 yrs	5,750,000	varies	4,875,000

Amortization
Annual Requirement to amortize debt
Elementary - Series 2013:

June 30	Principal	Interest	Total
2015	770,000	97,500	867,500
2016	785,000	82,100	867,100
2017	810,000	66,400	876,400
2018	825,000	50,200	875,200
2019	830,000	33,700	863,700
2020	855,000	17,100	872,100
	<u>\$4,875,000</u>	<u>\$347,000</u>	<u>\$5,222,000</u>

Capital Leases

The District has entered into a lease which meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee when all terms of the lease agreements are met. Capital lease obligations outstanding as of June 30, 2014 were as follows:

Purpose	Origination Date	Interest Rate	Capitalized Original Cost	Remaining Payments as of June 30, 2014
Inland Finance Co-Vending Machine Lease	3/24/2011	0%	\$ 8,412	\$ 1,896

Amortization
Annual Requirement to amortize
Capital Leases

June 30	Principal	Total
2015	1,896	1,896
	<u>\$1,896</u>	<u>\$1,896</u>

Notes to Financial Statements (continued)

6. OPERATING LEASE COMMITMENTS

The District is bound by several lease commitments which are considered for accounting purposes to be operating leases. Minimum lease payments for the fiscal year ended June 30, 2014 amounted to \$68,762. For those operating leases having remaining noncancellable lease terms, the future minimum rental payments are as follows:

Year Ended June 30	Xerox 7545	Xerox D125	Wide Area Network Lease
2015	2,832	13,716	49,896
2016	2,832	13,716	49,896
2017-2022	1,416	6,858	253,638
	<u>\$7,080</u>	<u>\$34,290</u>	<u>\$353,430</u>

7. INTERFUND ACTIVITY

The following is an analysis of operating transfers in and out during Fiscal Year 2014:

To	From	Amount
Elementary Compensated Absences	Elementary General Fund	\$22,000
High School Compensated Absences	High School General Fund	15,000
High School Miscellaneous Programs	High School Interlocal Agreement	3,659
Elementary Building Reserve	Elementary General Fund	5,750
High School Building Reserve	High School General Fund	14,989
Elementary Interlocal Agreement	Elementary Bus Depreciation	367,300
Elementary Interlocal Agreement	High School Bus Depreciation	224,600
		<u>\$653,298</u>

Notes to Financial Statements (continued)

8. OTHER POST EMPLOYMENT BENEFITS

Post Employment Health Care Plan Description

Montana Law (MCA 2-18-704) allows retirees meeting certain requirements to continue to participate in the District's health insurance to the extent that the retirees are allowed to purchase health insurance through the District. The Columbia Falls School District Employee Group Benefits Plan (CFSDEGBP) is a single-employer defined benefit healthcare plan administered by the Columbia Falls School District. CFSDEGBP provides medical and dental insurance benefits to eligible retirees and their spouses for a stipulated period after retirement.

Per GASB Statement No. 45 this results in an implicit rate subsidy and an actuarially accrued liability, for post employment benefits, the District will not be required to fund the liability or otherwise incur a cash cost to the extent of the implicit rate subsidy.

Another Post Employment Benefit exists because certain employees have satisfied negotiated contractual provisions and are entitled to District paid health insurance for a period of time. All activity related to the plan is accounted for in an Internal Service Fund.

Funding Policy

The required contribution is based on pay-as-you-go financing requirements, if cash payment is required.

Specific Information Follows:

Per Article 25 of the Collective Bargaining Agreement between the Board of Trustees, Columbia Falls School District No. 6 and the District No. 6 Education Association Unit of the Montana Education Association, the District shall provide an additional benefit for eligible teachers retiring at the conclusion of their 15th year of credible service. The District will contribute two years of insurance premiums following retirement as a certified employee in the District with an additional year if the employee has over 180 hours of unused sick leave. The District will pay toward the premium an amount equal to the District's monthly premium contribution paid pursuant to section 24.2.1 during the retiree's first retirement year. The rate of contribution is the funded rate determined for each year of retirement.

Regarding Administrator contracts, the District will contribute one year of insurance contribution with an additional year for each five years of service completed as well as an additional year upon the completion of ten years.

Regarding the Superintendent contract, the District will contribute two years of insurance contribution with an additional year for each five years of service completed.

Regarding the Business Manager contract, the District will contribute one year of insurance contribution with an additional year for each five years of service completed.

Regarding the Classified contract, retirees may remain on the group insurance program, subject to 2-18.04, MCA, but shall be responsible for all premium payments.

Annual OPEB Cost and Net OPEB Obligation

The government's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The government has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Notes to Financial Statements (continued)

8. OTHER POST EMPLOYMENT BENEFITS

The following table shows the components of the government's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the government's net OPEB obligation to the plan:

Annual required contribution	\$755,946
Interest on net OPEB obligation	0
Adjustment fo annual required contribution	0
Annual OPEB cost (expense)	755,946
Contributions made	0
Increase in net OPEB obligation	755,946
Net OPEB obligation - beginning of year	2,849,476
Net OPEB obligation - end of year	\$3,605,422

The government's annual required contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years are as follows:

Year ending June 30	Annual Required Contribution (ARC)	Percentage of Annual ARC Contributed	Net OPEB Obligation (NOO)	Unfunded
2010	\$39,161	0%	\$100,252	\$100,252
2011	\$987,121	0%	\$2,087,403	\$2,087,403
2012	\$1,002,667	0%	\$2,090,070	\$2,090,070
2013	\$759,406	0%	\$2,849,476	\$2,849,476
2014	\$755,946	0%	\$3,605,422	\$3,605,422

Funded Status and Funding Progress

As of June 30, 2014, the Plan was 0% funded. The actuarial accrued liability for benefits was \$ 9,488,419 and the actuarial value of assets is \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$ 9,488,419.

Notes

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress is presented as supplementary information following the notes to the financial statements. A schedule details whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits available.

Actuarial Methods and Assumptions

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

Notes to Financial Statements (continued)

8. OTHER POST EMPLOYMENT BENEFITS

The following simplifying assumptions were made:

Assumptions About Employees and Members:

Based on the historical average retirement age of the covered group, active plan members were assumed to retire at age 65 or the first year thereafter in which the member would qualify for benefits. Marital status as of the calculation date was assumed to continue through retirement. Life expectancy was based on the RP2000 Healthy Combined Generational Table. The probability of remaining employed until the assumed retirement age and employees' expected future working lifetimes were developed using non-group-specific age-based turnover data from GASB Statement No. 45.

Assumptions About Healthcare Costs:

The 2014 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums initially used a select rate of 9.0 percent, with reduction to the ultimate rate of 5 percent.

Other Assumptions and Methods:

The inflation rate was assumed to be 4 percent (less than 65 years of age) and 3 percent (older than 65 years of age). Based on the historical and expected returns of the government's investments, the investment rate of return was assumed to be 4.25%. Estimated participation is based on the assumption that 45 percent of future retirees will elect medical coverage. The UAAL is amortized over a thirty-year period using a 4.25% interest rate and a 2.5% payroll growth rate.

The actuarial assumptions included the following healthcare cost trend:

	Initially	By 2019
Medical/Dental	8.5%	5.0%
Prescription Drugs	8.0%	5.0%

9. SELF INSURANCE (Change in Incurred But Not Reported liability estimates)

The District provides medical insurance coverage for its employees via a self-insured plan administered by La Mott Agency. It provides medical and dental benefits and is operated as an Internal Service Fund. Rates are determined in consultation with the administrator based on estimated claims plus an administrative fee. The rates include a premium for a commercial "stop-loss" policy for when claims, in total, exceed the 125% amount or when any one claimant exceeds \$100,000 in covered charges during a year. A reconciliation of claims Incurred But Not Reported:

Claims Payable	
June 30, 2013	\$373,166
Claims Incurred	1,700,721
Claims Paid	<u>(2,372,333)</u>
Claims Payable	
June 30, 2014	<u><u>(\$298,446)</u></u>

Notes to Financial Statements (continued)

10. FUND BALANCE/NET POSITION DISCLOSURES

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* was issued to enhance the usefulness of Fund Balance information and clarify existing governmental fund type definitions. To that end GASB 54 established the following fund balance classifications:

Non-spendable

Includes fund balances that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. Inventory is an example.

Restricted

Includes fund balances that are constrained for specific purposes which are externally imposed by providers such as creditors, or amounts constrained due to law, constitutional provisions or enabling legislation.

Committed

Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned

Includes fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted or committed.

Unassigned

Unassigned fund balance includes positive fund balance within the General Fund which has not been classified within the above mentioned classifications. Negative fund balances in other governmental will be reported as unassigned.

Additionally the statement addresses fund classification to the extent that the fund type is dependent on proceeds of specific revenue sources which are restricted or committed to expenditure in accordance with a specific purpose. This resulted in the Impact Aid fund and the Flex fund being combined with the General Fund for report purposes.

Columbia Falls School District Policy No. 7515 addresses compliance with this standard and establishes the policy that resources will be spent in the following order: Restricted, Committed, Assigned, and Unassigned. Additionally, it is the general practice of the District to consider fund balance to be restricted for the statutory purpose of the fund, or in the case of the Miscellaneous fund to the purpose of the individual grants; notwithstanding the provisions of MCA-20-9-2-8(B).

Notes to Financial Statements (continued)

10. FUND BALANCE/NET POSITION DISCLOSURES(continued)

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ending June 30, 2014

Fund Balance Classifications - GASB 54 requires presentation of governmental fund balances by specific purpose. In the basic financial statements the fund balance classifications are presented in the aggregate. The table below displays the fund balances by major purpose.

	MAJOR			Total
	General Fund	Elementary Miscellaneous	Other Government Funds	
FUND BALANCES				
Non-Spendable:				
Ruder endowment			170,647	170,647
Wildcat athletic endowment			379,547	379,547
	0	0	550,194	550,194
Spendable Fund Balance:				
Restricted for:				
Inventory	14,515		4,487	19,002
Regular Instruction			1,393	1,393
Transportation			359,206	359,206
Bus replacement			70,755	70,755
Tuition			13,348	13,348
Retirement benefits			651,227	651,227
Technology acquisition		7,436	75,931	83,367
Adult education			24,581	24,581
Drivers education			33,140	33,140
Indian education			15,193	15,193
Vocational education			22,544	22,544
School food program			761	761
Debt service			189,222	189,222
Capital projects			815,657	815,657
Compensated absence liability			45,782	45,782
Extracurricular				0
	14,515	7,436	2,323,227	2,345,178
Committed to:				
Assigned for:				
Regular instruction	101,249	86,554	69,738	257,541
Guidance services	965	686	1,189	2,840
Improvement of Instructional Services	30,213			30,213
Educational Media Services	3,624	19,733		23,357
General administration	9,900			9,900
School administration	692			692
Operation and maintenance of plant	22,557		11,924	34,481
Extracurricular	29,469	6,764		36,233
Vocational education	8,591			8,591
Special education		100,665		100,665
Technology acquisition			19,124	19,124
School food program				0
	207,260	214,402	101,975	523,637
Unassigned:	2,058,227			2,058,227
Total Fund Balance:	\$2,280,002	\$221,838	\$2,975,396	\$5,477,236

Notes to Financial Statements (continued)

10. FUND BALANCE/NET POSITION DISCLOSURES(continued)

General Fund Balance Detail

	EL General Fund	HS General Fund	EL Flex Fund	HS Flex Fund	EL Impact Aid Fund	HS Impact Aid Fund	Interlocal Multi District Fund	Total
REVENUE								
Property Taxes	3,234,123	1,411,455						4,645,578
County Revenue								0
State Revenue	6,439,108	3,623,619	32,063	28,891				10,123,681
Earnings on Investments	5,435	2,489	419	444	286	330	180	9,583
Other Local	3,107	2,057						5,164
Total Revenue	9,681,773	5,039,620	32,482	29,335	286	330	180	14,784,006
Total Expenditure	9,617,083	5,039,991	44,771	28,185	19,352	15,695		14,765,077
Transfers	(27,750)	(29,989)					591,900	534,161
Change in Fund Balance	36,940	(30,360)	(12,289)	1,150	(19,066)	(15,365)	592,080	553,090
Fund Balance 7/1	800,726	587,048	78,973	107,406	59,245	93,514		1,726,912
Fund Balance 6/30	837,666	556,688	66,684	108,556	40,179	78,149	592,080	2,280,002

Net Position Classifications are:

Restricted

Non expendable	\$550,194
Expendable	5,111,562

Invested in Capital Assets (Net of Related Debt)	8,911,222
---	-----------

Unrestricted	(850,944)
Rounding	

\$13,722,034

A reconciliation of Fund Balance by classification to restricted net position by classification follows:

	Internal Service	Deferred Inflows	Capital Assets	Liabilities	Reclassification	Net Position
Fund Balance						
Non spendable(expendable)	550,194					550,194
Restricted	2,345,178	2,518,655	247,729			5,111,562
Invest Capital Assets			13,968,319	(5,057,097)		8,911,222
Assigned	523,637				(523,637)	0
Unassigned	2,058,227				(2,058,227)	0
Unrestricted		582,224		(4,015,032)	2,581,864	(850,944)
Rounding						0
Total	\$5,477,236	\$2,518,655	\$829,953	\$13,968,319	(\$9,072,129)	\$0

Notes to Financial Statements (continued)

11. JOINT VENTURES

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

The District entered into an interlocal agreement with West Glacier School District. The agreement allows the districts to combine transportation services in each of the cooperating districts.

The District is a member of the Flathead Crossroads Interlocal Agreement which is a collaborative effort by the school districts of Flathead County to meet the needs of students who have severe emotional/behavioral needs. The Special Education Directors from the participating district will serve as the Advisory Board of the Interlocal. Evergreen School District, Flathead County, Montana is the host District. Each District electing to participate agrees to provide fiscal responsibility to the Host District which includes a participation fee based on the Spring 2014 enrollment. Each District is charge a fee for each student participating in the program.

An interlocal agreement between the City of Columbia Falls, Flathead County and the Columbia Falls School District was in place for the City to provide one School Resource Officer assigned to concentrate the majority of his or her time with the administration, faculty and students of the High School. The School Resource Officer will also provide services to the other schools included in the Columbia Falls School District.

12. RISK MANAGEMENT

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

Insurance Policies:

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

Insurance Pools:

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

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

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

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL
GENERAL FUNDS
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis
RESOURCES (inflows)			
Property taxes	\$4,659,487	\$4,659,487	\$4,645,578
County revenue			
State revenue	10,062,723	10,062,723	10,062,727
Federal revenue			
Earnings on investment	8,702	8,702	7,924
Other local	2,662	2,662	5,164
Amounts available for appropriation	14,733,574	14,733,574	14,721,393
CHARGES TO APPROPRIATIONS (outflows)			
EXPENDITURES			
Instructional services:			
Regular	7,500,640	7,500,640	7,471,753
Special education	1,705,624	1,705,624	1,646,018
Vocational education	417,638	417,638	416,023
Supporting services:			
Students	574,839	574,839	583,141
Improvement of instructional services	182,833	182,833	248,234
Educational media services	428,489	428,489	447,559
General administration	223,134	223,134	224,020
School administration	892,064	892,064	876,543
Business services	371,535	371,535	344,294
Operations and maintenance of plant	1,949,845	1,949,845	1,836,188
Student transportation services	9,884	9,884	12,486
Non-educational services:			
Extracurricular	477,049	477,049	525,288
Capital outlay			62,228
Total charges to appropriations	14,733,574	14,733,574	14,693,775
Other Financing Sources (Uses):			
*Transfers (out)			(57,739)
Total other financing sources (uses)			(57,739)
Net Change in Fund Balance			(30,121)
Budgetary Fund Balance July 1, 2013			2,348,150
Budgetary Fund Balance June 30, 2014			<u>\$2,318,029</u>

*\$20,739 of the Transfer Out is for school safety/security. SB 348 passed by the 2013 Legislature authorizes school districts to transfer state or local revenue from ANY budgeted or non-budgeted fund. The transfers are not to be applied against the budget authority of the originating fund.

The difference between budgetary and modified accrual is the change in encumbrances of approximately \$30,000 and the inclusion of budget basis special revenue funds in the modified accrual general fund pursuant to GASB 54.

See note to required supplemental information.

**SCHOOL DISTRICT NO. 6
Columbia Falls, Montana**

**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
Year Ended June 30, 2014**

Budgets:

Budgets are adopted by funds defined as budgeted funds as defined in state law (MCA 20-9-201).

The budgets must be adopted on or before August 15th of each year, but may be continued day to day until the 4th Monday in August. If taxable value information is not available. (MCA 20-9-131). Appropriations (budgetary spending authority) lapse at year end except for construction in progress and obligations for the purchase of personal property ordered but not paid for during the current year (MCA 20-9-209). Because Montana schools have appropriations which lapse at year end encumbrances are allowed as a means of budgetary control. Encumbrances do not represent expenditures for the period for generally accepted accounting principles. See page 35.

State law requires with certain exceptions only that total actual expenditures not exceed total budgeted expenditures. There were no amendments to the budgets in 2014, the amounts shown are the original, amended, and final budgeted amounts.

**SCHOOL DISTRICT NO. 6
Columbia Falls, Montana**

**SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS
Year Ended June 30, 2014**

Fiscal Year	Actuarial Accrued Liability (AAL)	Unfunded AAL (UALL)	Annual Required Contribution
6/30/2009	764,563	764,563	50,141
6/30/2010	395,318	395,318	39,164
6/30/2011	10,628,292	10,628,292	987,121
6/30/2012	11,313,709	11,313,709	1,002,667
6/30/2013	8,974,916	8,974,916	759,406
6/30/2014	9,488,419	9,488,419	755,946

This schedule is based on the actuarial values as of July 1, 2014.

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana

SCHEDULE OF SCHOOL DISTRICT ENROLLMENT
Year Ended June 30, 2014

	District Records	Fall Enrollment Report	District Records	Winter Enrollment Report	District Records	Spring Enrollment Report
Pre-K						
Kindergarten	170	170	172	172	176	176
Grades 1 - 5	756	756	762	762	768	768
Grades 6 - 8	474	474	480	480	473	473
Total	1,400	1,400	1,414	1,414	1,417	1,417
Grades 9 - 12	691	691	681	681	687	687
Total	2,091	2,091	2,095	2,095	2,104	2,104

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
BY STUDENT ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2014

Student Activity	Balance June 30, 2013	Revenues	Expenditures	Transfers In	Transfers Out	Balance June 30, 2014
District Recycling	\$1,231	\$2,316	\$2,617			\$930
HS Band Instrumental Rental	60	150				210
HS Activity Fees	7,154	30,014	29,393	250		8,025
HS Bike Program	0	1,402	838			564
HS Special Education	1,838	513	588			1,763
HS Annual	17,748	26,403	26,830			17,321
HS Art Club	1,859	583	1,075	173		1,540
HS Close Up	4,868	10,255	12,219			2,904
HS Peer Allies/Common	518	1,111	1,283			346
HS Chorus	4,245	13,111	13,211	1,000		5,145
HS Columbians	14,378	53,015	63,031	2,949		7,311
HS Drama	6,077	4,970	4,675		2,000	4,372
HS Drill Team	718	1				719
HS Comm Prom	417	1				418
HS FCCLA (FHA)	2,034	433	440	378		2,405
HS Forensics	11	1	174	755		593
HS Gate Receipts	8,212	39,748	43,629		190	4,141
HS Sonifers	855	521	487			889
HS Wildcat Warehouse	1,441	3		66		1,510
Speech Debate Tournament	(139)	1,806	984			683
HS Smith's Earn & Learn	73	6,670	3,156			3,587
HS La Cuisine	808	1,314	1,569			553
HS Home Ec	(76)	360	175			109
HS Honor Society	835	1,842	1,757	204		1,124
HS Key Club	676	385	548	755	66	1,202
HS Athletic Fund Raising	1,673	8,692	6,687			3,678
HS Library	927	114				1,041
HS OEA/Bus Prof of America	3,643	7				3,650
HS Metal Shop	7,056	2,283	703			8,636
HS Wood Shop	3,725	2,562	1,457			4,830
HS Spanish Club	265					265
HS Sports Program	354	1				355
HS Student Council	5,255	2,151	1,410	378		6,374
Class of 2016	4,687	8				4,695
Class of 2014	0	440	329			111
Class of 2015	3,898	5,794	7,457	347		2,582
Class of 2017	1,349	2	798	408		961
Class of 2018	0	3,218	1,672			1,546
HS Concessions	3,964	23,971	16,729		7,440	3,766
HS Faculty Community Service	915	1,784	1,761			938
HS Tournaments	4,511	806	2,119			3,198
HS MIAAA Treasury	239					239
NW "A" Conference	550	1,750	1,391	190		1,099
HS Pop Fund	4,661	2,757	3,134		150	4,134
HS Advanced Science	768	1	565	378		582
HS District 1 Music Festival	156			1		157
HOSA	2,859	2,705	4,484	204		1,284

(Continued)						
Student Activity	Balance June 30, 2013	Revenues	Expenditures	Transfers In	Transfers Out	Balance June 30, 2014
HS Athletic Director	3	50	48			5
HS Athletic Medicine	1,697	1,620	1,755	204		1,766
HS Cheerleaders	766	8,579	8,735		250	360
HS Football	4,279	11,948	9,017			7,210
HS Girls Soccer	88					88
HS Boys Soccer	399	1	20			380
HS Cross Country	138	930	820	173		421
HS Girls Basketball	875	252				1,127
HS Wrestling	7,357	18,581	16,894	1,283		10,327
HS Boys Basketball	607	252				859
HS Volleyball	1,030	9,858	7,535			3,353
HS Girls Track	13					13
HS Boys Track	459	1				460
HS Golf	37	110	100			47
HS Girls Tennis	428	1,286	1,465			249
HS Girls Softball	10,362	9,293	12,199			7,456
HS Boys Tennis	29					29
HS Swim Team Cooperative	0	500	500			0
JH Activity	2,473	4,927	1,259			6,141
JH Shop	194					194
JH Student Store	11,844	1,032				12,876
JH Outdoor Science	47		47			0
JH CF Choral Fest	231	1,118	1,210			139
JH Yearbook	799	6,780	6,712			867
JH Student Council	10,594	34,460	28,900			16,154
JH Winter Art Festival	0					0
JH Builders Club	3,955	12	208			3,759
JH Band	2,369	1,393	1,074			2,688
JH Wrestling	2,342	4				2,346
JH Home Ec	52					52
GG Special Olympics	7,193	424				7,617
GG Student Council	879	9				888
GG Recycling	211					211
GG Elem. General	6,422	9,577	7,192			8,807
GG Elem. Library	1,187	765	278			1,674
GG Bike Safety	1,274	3				1,277
GG Wildkat Youth BB	249	1				250
Ruder Pop Fund	70	657	650			77
Ruder Activity	2,734	6,225	3,668			5,291
Ruder Physical Education	334	1	235			100
Admin. Pop Fund	1,994	664	234			2,424
Transportation Pop Fund	222	1	163			60
Total Extracurricular	\$213,532	\$387,288	\$370,293	\$10,096	\$10,096	\$230,527

**Supplemental Schedule
SCHOOL DISTRICT NO. 6
Columbia Falls, Montana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

Federal Source <i>Pass-Through Source</i> Program Title	CFDA Number	Grantor's Number	Program Award Amount	Fund Balance July 1, 2013	Revenues
Indirect Funding					
<i>Through the State of Montana Office of Public Instruction</i>					
U.S. Department of Agriculture					
National School Breakfast Program	10.553	N/A	N/A		130,201
Food Distribution (Commodities)	10.555	N/A	N/A		46,204
National School Lunch Program	10.555	N/A	N/A		369,674
After School Snack Program	10.558	N/A	N/A		9,908
Fresh Fruit and Vegetable Program	10.582	N/A	N/A		55,213
Total USDA					611,200
U.S. Department of Education					
ESEA Title I	84.010	15.03112.31.14	694,157		694,157
IDEA Part B	84.027A	15.0312.77.14ALLO	470,343		464,851
Impact Aid Elementary	84.041	N/A	N/A	34,217	
Impact Aid High School	84.041	N/A	N/A	50,124	
Vo-Ed Basic Grants to States- Carl Perkins	84.048A	15.0313.81.14BG	34,448		34,448
IDEA Preschool	84.173	15.0312.79.14	14,894		14,894
Gear Up Grant	84.334	N/A	3,100		1,898
ESEA Title II Part A	84.367	15.0312.14.14	164,317		158,456
Total U.S. Department of Education				84,341	1,368,704
Total Passed Through State of Montana					1,979,904
TOTAL FEDERAL EXPENDITURES					\$1,979,904

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared essentially on the same basis of accounting as the District's accounting records.

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Continuing Disclosure - Municipal Securities
Other Operating Data

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SCHOOL DISTRICT NO. 6
Columbia Falls, Montana
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Description	Originatio Date	Interest Rate	Term of Bond	Final Maturity Date	Amount Issued	Annual Payment	Balance July 1, 2013	Principal Reductions	Interest Payment	Balance June 30, 2014
General Obligation Bonds:										
Building Bond - Series 2001	2/1/01	4-6%	20 yrs.	7/1/20	\$ 1,960,000	varies	\$ -	\$ -	\$ -	\$ -
Refunding Bond-Series 2006	3/23/06	05-3.75%	15 yrs.	7/1/20	\$ 8,890,000	varies	\$ -	\$ -	\$ -	\$ -
Refunding Bond-Series 2013	4/2/13	2%	8 yrs.	7/1/20	\$ 5,750,000	varies	\$ 5,630,000	\$ (755,000)	\$ (112,600)	\$ 4,875,000
Subtotal							\$ 5,630,000	\$ (755,000)	\$ (112,600)	\$ 4,875,000

**SCHOOL DISTRICT NO. 6
Columbia Falls, Montana**

**SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

**Available Bonding Capacity
As of July 1, 2014**

Elementary District

Taxable Value \$ 31,315,988

Tax Value per Mill	\$	31,316		Tax Value /1000
FY 14 ANB		1,465		ANB used for budget
Mill Value per ANB	\$	21.38		

State Facility Guaranteed Mill Value per ANB \$ 33.14

As the District Mill value per ANB is less than the State FGMV, the District qualifies for Debt Service Guaranteed Tax Base Aid and thus the bonding capacity is as follows:

Bonding Capacity

State Facility Guaranteed Mill Value per ANB	\$	33.14		
Times 1,000		1,000	\$	33,140
Times ANB		1,465	\$	48,550,100
Times 50%		50%	\$	24,275,050

BONDING CAPACITY \$ 24,275,050

Less Outstanding General Obligation Debt July 2014 \$ (4,875,000)

Available Bonding Capacity 7/1/2014 \$ 19,400,050

**SCHOOL DISTRICT NO. 6
Columbia Falls, Montana**

**SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

Columbia Falls Elementary

Fiscal Year	Market Value	Taxable Value (excluding tax increment district values, if any)
2013/14	\$1,192,248,688	\$31,042,510
2012/13	\$1,106,815,720	\$29,738,757
2011/12	\$1,037,782,594	\$28,714,379
2010/11	\$976,049,304	\$27,821,980
2009/10	\$932,233,410	\$27,413,156
2008/09	\$881,048,590	\$25,984,239

Columbia Falls High School

Fiscal Year	Market Value	Taxable Value (excluding tax increment district values, if any)
2013/14	\$1,363,100,004	\$35,846,984
2012/13	\$1,268,022,673	\$34,448,854
2011/12	\$1,176,374,013	\$32,836,192
2010/11	\$1,091,052,944	\$31,338,026
2009/10	\$1,037,887,003	\$30,703,772
2008/09	\$981,023,909	\$29,181,757

Estimated District Population – 14,392

The District has no plans for additional borrowing or future financing at this time.

Tax Levy – Mills

Taxing Entity	2010/11	2011/12	2012/13	2013/14
University Millage	6.0	6.0	6.0	6.0
Statewide School Equalization	40.0	40.0	40.0	40.0
Countywide School	102.4	100.2	98.97	106.43
Flathead County	70.5	68.7	67.16	67.33
Flathead County Bond	2.1	2.1	2.3	2.07
Flathead Valley Community College ¹	16.00	16.0	14.7	14.20
Columbia Falls Elementary District	163.3	163.9	156.93	155.55
Columbia Falls High School District	51.4	49.1	46.28	52.08
County Road	20.9	20.9	21.2	21.34
County Board of Health	5.8	5.8	5.8	5.74
County Weed	2.4	1.9	1.9	1.65
County Health Insurance	5.0	5.0	5.0	5.0
County Sheriff	36.0	36.1	36.7	36.20
County Mosquito	1.0	0.8	1.0	.75
County Planning	2.0	2.0	2.0	1.70
Emergency/Disaster	0.0	2.0	0.0	0.0
County Library	0.0	5.4	6.2	6.20
Total	524.8	525.9	512.14	522.24

City of Columbia Falls	189.9	178.3	179.61	179.79
Columbia Falls Cemetery	1.9	2.0	1.95	2.34

**SCHOOL DISTRICT NO. 6
Columbia Falls, Montana**

**SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

08/05/2013 10:23 406-758-5850

FLTHD SUPT SCHOOLS

PAGE 02/03



MONTANA
Form AB-72T
Rev. 3-12

**2013 Certified Taxable Valuation Information
(15-10-202, MCA)
Flathead County
COLUMBIA FALLS ELEMENTARY**

1. 2013 Total Market Value.....	\$ 1,192,248,688
2. 2013 Total Taxable Value.....	\$ 31,042,510
3. 2013 Taxable Value of Newly Taxable Property.....	\$ 1,074,225
4. 2013 Taxable Value less Incremental Taxable Value*.....	\$ 31,042,510
5. 2013 Taxable Value of Net and Gross Proceeds** (Class 1 and Class 2).....	\$ -

6. TIF Districts

Tax Increment District Name	Current Taxable Value	Base Taxable Value	Incremental Value
Total Incremental Value			\$ -

Preparer Holly Dale Date 8/5/2013

*This value is the taxing jurisdiction's taxable value less total incremental value of all tax increment financing districts.

**The taxable value of class 1 and class 2 is included in the taxable value totals.

For Information Purposes Only
2013 taxable value of centrally assessed property having a market value of \$1 million or more, which has transferred to a different ownership in compliance with 15-10-202(2), MCA.

I. Value Included in "newly taxable" property	\$ -
II. Total value exclusive of "newly taxable" property	\$ -

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

08/05/2013 10:23 406-758-5050

FLTHD SUPT SCHOOLS

PAGE 03/03



MONTANA
Form AB-72T
Rev. 3-12

2013 Certified Taxable Valuation Information
(15-10-202, MCA)
Flathead County
COLUMBIA FALLS HIGH SCHOOL

1. 2013 Total Market Value.....	\$	1,363,100,004
2. 2013 Total Taxable Value.....	\$	35,846,984
3. 2013 Taxable Value of Newly Taxable Property.....	\$	1,072,693
4. 2013 Taxable Value less Incremental Taxable Value*.....	\$	35,846,984
5. 2013 Taxable Value of Net and Gross Proceeds** (Class 1 and Class 2).....	\$	-

6. TIF Districts

Tax Increment District Name	Current Taxable Value	Base Taxable Value	Incremental Value
Total Incremental Value			\$ -

Preparer Holly Dale Date 8/5/2013

*This value is the taxing jurisdiction's taxable value less total incremental value of all tax increment financing districts.
 **The taxable value of class 1 and class 2 is included in the taxable value totals.

For Information Purposes Only

2013 taxable value of centrally assessed property having a market value of \$1 million or more, which has transferred to a different ownership in compliance with 15-10-202(2), MCA.

I. Value Included in "newly taxable" property	\$ -
II. Total value exclusive of "newly taxable" property	\$ -

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Columbia Falls School District
Local Tax Levy History

Elementary District	Transportation		Bus Reserve		Tuition		Debt Service		Total
	General		Bus Reserve	#DIV/0!	Tuition	#DIV/0!	Debt Service		
2000	\$ 1,674,082	\$ 65,176	\$ 68,039		\$ 9,403		\$	\$ 1,816,700	
2001	\$ 1,375,290	\$ 117,937	\$ 12,246	-82.00%	\$ 59,546	533.27%	\$ 884,252	\$ 2,449,271	
2002	\$ 1,634,738	\$ 145,355	\$ -	-100.00%	\$ 54,960	-7.70%	\$ 764,201	\$ 2,599,254	
2003	\$ 1,777,496	\$ 187,873	\$ 44,836	#DIV/0!	\$ 58,648	6.71%	\$ 748,267	\$ 2,817,120	
2004	\$ 2,087,124	\$ 166,783	\$ 31,433	-29.89%	\$ 33,589	-42.73%	\$ 846,845	\$ 3,165,774	
2005	\$ 2,423,072	\$ 201,339	\$ 45,198	43.79%	\$ 49,750	48.11%	\$ 806,976	\$ 3,526,335	
2006	\$ 2,459,678	\$ 173,053	\$ 68,592	51.76%	\$ 68,540	37.77%	\$ 750,878	\$ 3,520,741	
2007	\$ 2,742,769	\$ 257,230	\$ 62,266	-9.22%	\$ 62,314	-9.08%	\$ 686,045	\$ 3,810,624	
2008	\$ 2,976,271	\$ 292,498	\$ 131,288	110.85%	\$ 123,673	98.47%	\$ 764,370	\$ 4,250,853	
2009	\$ 3,049,787	\$ 292,498	\$ 226,000	72.14%	\$ 170,192	37.61%	\$ 730,434	\$ 4,468,911	
2010	\$ 3,095,660	\$ 388,678	\$ 233,855	3.48%	\$ 141,000	-17.15%	\$ 753,288	\$ 4,612,481	
2011	\$ 3,113,208	\$ 277,088	\$ 177,860	-23.94%	\$ 171,953	21.95%	\$ 804,337	\$ 4,544,446	
2012	\$ 3,078,506	\$ 318,695	\$ 259,290	45.78%	\$ 224,799	30.73%	\$ 824,489	\$ 4,705,779	
2013	\$ 3,166,881	\$ 290,325	\$ 185,801	-28.34%	\$ 265,864	18.27%	\$ 757,678	\$ 4,666,549	
2014	\$ 3,245,045	\$ 359,820	\$ 409,531	120.41%	\$ 151,024	-43.20%	\$ 663,134	\$ 4,828,554	

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2014

Elementary District ANB

FY 2004	FY 2005	FY 2006	FY 2006 3 Year Aver.	FY 2007	FY 2007 3 Year Aver.	FY 2008	FY 2008 3 Year Aver.	FY 2009	FY 2009 3 Year Aver.
1,652	1,647	1,628	1,643	1,579	1,618	1,650	1,619	1,659	1,656
1,198	1,169	1,162	1,177	1,159	1,164	1,244	1,189	1,255	1,246
454	479	466	467	420	455	406	431	404	410
1,652	1,648	1,628	1,643	1,579	1,618	1,650	1,620	1,659	1,656
FY 2010	FY 2010 3 Year Aver.	FY 2011	FY 2011 3 Year Aver.	FY 2012	FY 2012 3 Year Aver.	FY 2013	FY 2013 3 Year Aver.	FY 2014	FY 2014 3 Year Aver.
1,606	1,639	1,573	1,614	1,561	1,580	1,431	1,522	1,452	1,482
1,246	1,249	1,178	1,227	1,167	1,197	1,082	1,143	1,098	1,116
360	390	395	387	393	383	349	379	354	366
1,606	1,639	1,573	1,614	1,560	1,580	1,431	1,522	1,452	1,482

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SCHOOL DISTRICT NO. 6
Columbia Falls, Montana

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Elementary General Fund

Tax Collections

FY 2007	
Taxes Levied	2,742,769
Tax Revenue	2,602,854
Tax Revenue NOT Collected	(139,915)
Reserves FYE	526,264
% of Subsequent Budget	5.52%

FY 2008	
Taxes Levied	2,976,271
Tax Revenue	2,983,719
EXCESS Tax Revenue Collected	7,448
Reserves FYE	657,232
% of Subsequent Budget	6.72%

FY 2009	
Taxes Levied	3,049,787
Tax Revenue	3,060,564
EXCESS Tax Revenue Collected	10,777
Reserves FYE	638,525
% of Subsequent Budget	6.49%

FY 2010	
Taxes Levied	3,095,660
Tax Revenue	2,900,965
Tax Revenue NOT Collected	(194,695)
Reserves FYE	579,337
% of Subsequent Budget	5.80%

FY 2011	
Taxes Levied	3,113,208
Tax Revenue	3,060,791
Tax Revenue NOT Collected	(52,417)
Reserves FYE	583,278
% of Subsequent Budget	5.98%

FY 2012	
Taxes Levied	3,078,506
Tax Revenue	3,189,764
EXCESS Tax Revenue Collected	111,258
Reserves FYE	704,732
% of Subsequent Budget	7.26%

FY 2013	
Taxes Levied	3,166,881
Tax Revenue	3,214,744
EXCESS Tax Revenue Collected	47,863
Reserves FYE	705,599
% of Subsequent Budget	7.28%

FY 2014	
Taxes Levied	3,245,045
Tax Revenue	3,234,123
Tax Revenue NOT Collected	(10,922)
Reserves FYE	692,280
% of Subsequent Budget	7.12%

**SCHOOL DISTRICT NO. 6
Columbia Falls, Montana**

**SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Elementary General Fund</u>		<u>Uncollected Tax Detail</u>	
FY 2007	Uncollected/Delinquent Taxes Receivable FYE	FY 2011	Uncollected/Delinquent Taxes Receivable FYE
	Proteted Taxes Receivable FYE		Proteted Taxes Receivable FYE
	<u>TOTAL</u>		<u>TOTAL</u>
	262,843		484,562
	<u>178,157</u>		<u>159,840</u>
	<u>441,000</u>		<u>644,402</u>
FY 2008	Uncollected/Delinquent Taxes Receivable FYE	FY 2012	Uncollected/Delinquent Taxes Receivable FYE
	Proteted Taxes Receivable FYE		Proteted Taxes Receivable FYE
	<u>TOTAL</u>		<u>TOTAL</u>
	269,278		272,402
	<u>43,637</u>		<u>119,810</u>
	<u>312,916</u>		<u>392,212</u>
FY 2009	Uncollected/Delinquent Taxes Receivable FYE	FY 2013	Uncollected/Delinquent Taxes Receivable FYE
	Proteted Taxes Receivable FYE		Proteted Taxes Receivable FYE
	<u>TOTAL</u>		<u>TOTAL</u>
	188,120		222,564
	<u>18,040</u>		<u>179,753</u>
	<u>206,160</u>		<u>402,317</u>
FY 2010	Uncollected/Delinquent Taxes Receivable FYE	FY 2014	Uncollected/Delinquent Taxes Receivable FYE
	Proteted Taxes Receivable FYE		Proteted Taxes Receivable FYE
	<u>TOTAL</u>		<u>TOTAL</u>
	321,939		189,558
	<u>125,632</u>		<u>227,841</u>
	<u>447,571</u>		<u>417,399</u>

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana

SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2014

	Taxable Value 1995/1996		Taxable Value 2013/2014		Taxable Value 2013/2014	
Columbia Falls Aluminum Company	\$ 4,114,004	5	\$ 521,875	\$	(3,592,129)	-87.31%
Plum Creek Lumber	\$ 3,367,443	1	\$ 2,158,644	\$	(1,208,799)	-35.90%
Pacific Lumber	\$ 561,904		\$ -	\$	(561,904)	
CenturyLink	\$ 514,948	8	\$ 291,384	\$	(223,564)	-43.41%
F.H. Stoltz	\$ 501,300	3	\$ 616,235	\$	114,935	22.93%
Burlington Northern	\$ 363,148	6	\$ 483,584	\$	120,436	33.16%
Northwest Energy	\$ 300,190	4	\$ 553,314	\$	253,124	84.32%
Skywest Air/Delta	\$ 176,051		\$ 211,184	\$	35,133	19.96%
Bresnan	\$ -	9	\$ 227,311	\$	227,311	
Verizon	\$ -	10	\$ 164,260	\$	164,260	
Meadow Lake Development Corp.	\$ -	7	\$ 296,290	\$	296,290	
Horizon Air	\$ 142,538		\$ 91,912	\$	(50,626)	-35.52%
Flathead Electric	\$ 98,214	2	\$ 1,070,268	\$	972,054	989.73%
	\$ 10,139,740		\$ 6,383,165	\$	(3,453,479)	
Total Tax Value Elementary District	\$ 23,328,956		\$ 31,042,510			
Top 10 encompass of the total	43.46%		20.56%			
Elementary District Mills Levied			155.55			
Elementary District Property Tax Levy			\$ 4,828,555			

SCHOOL DISTRICT NO. 6
Columbia Falls, Montana

SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2014

TAX VALUE HISTORY	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014				
Columbia Falls Aluminum Company	1,689,460	\$ 883,089	-47.73%	\$ 657,885	-25.50%	\$ 604,675	-8.09%	\$ 521,875	-13.69%
Plum Creek Lumber	1,898,144	\$ 2,041,919	7.57%	\$ 2,200,019	7.74%	\$ 2,030,072	-7.72%	\$ 2,158,644	6.33%
F.H. Stoltz	364,360	\$ 350,881	-3.70%	\$ 326,726	-6.88%	\$ 753,823	130.72%	\$ 616,235	-18.25%
Northwest Energy	522,193	\$ 566,875	8.56%	\$ 493,826	-12.89%	\$ 555,737	12.54%	\$ 553,314	-0.44%
Flathead Electric	910,056	\$ 908,337	-0.19%	\$ 992,607	9.28%	\$ 1,074,818	8.28%	\$ 1,070,268	-0.42%
CenturyLink	306,392	\$ 308,422	0.66%	\$ 298,140	-3.33%	\$ 254,651	-14.59%	\$ 291,384	14.42%
Burlington Northern	154,630	\$ 147,818	-4.41%	\$ 426,304	188.40%	\$ 433,006	1.57%	\$ 483,584	11.68%
Skywest Air/Delta	291,119	\$ 231,060	-20.63%	\$ 225,310	-2.49%	\$ 206,686	-8.27%	\$ 211,184	2.18%
Bresnan	-	-	-	\$ 373,527	\$ 422,532	\$ 227,311	13.12%	\$ 227,311	-46.20%
Alltel/Verizon	270,929	\$ 322,834	19.15%	\$ 248,873	-22.91%	\$ 182,395	-26.71%	\$ 164,260	-9.94%
Meadow Lake Development Corp.	268,016	\$ 262,544	-2.03%	\$ 292,547	11.43%	\$ 293,456	0.31%	\$ 296,290	0.97%
	6,675,299	6,023,779	-9.76%	6,310,454	4.76%	6,605,165	4.67%	6,383,165	-3.36%
Total Tax Value Elementary District	27,413,342	27,821,980	1.49%	28,714,379	3.21%	29,738,757	3.57%	31,042,510	4.38%
Top 10 encompass of the total	24.35%	21.65%	21.98%	22.21%	20.56%				
Elementary District Mills Levied	169.75	163.34	-3.85%	163.87	0.32%	156.93	-4.20%	155.55	-0.89%
Elementary District Property Tax Levy	4,576,802	\$ 4,544,446	-0.72%	\$ 4,705,779	3.53%	\$ 4,666,548	-0.85%	\$ 4,828,555	3.62%
									162,007



ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

**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 Trustees
School District No. 6
Columbia Falls, 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 School District No. 6, Columbia Falls, Montana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise School District No. 6's basic financial statements, and have issued our report thereon dated March 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District No. 6's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District No. 6's internal control. Accordingly, we do not express an opinion on the effectiveness of School District No. 6'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 may exist that have not been identified.

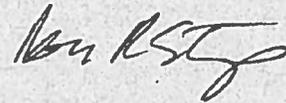
Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District No. 6'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

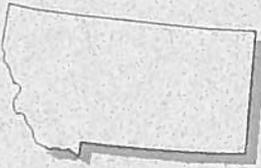
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

March 2, 2015



Ross R. Stalcup
Certified Public Accountant



ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
School District No. 6
Columbia Falls, Montana

Report on Compliance for Each Major Federal Program

We have audited the compliance of School District No. 6, Columbia Falls, Montana (the District) with the types of compliance requirements described in OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect School District No. 6's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of School District No. 6's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of School District No. 6's compliance.

Opinion on Each Major Federal Program

In our opinion, School District No. 6 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, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

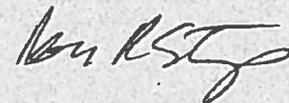
Management of School District No. 6, Columbia Falls, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of School District No. 6's internal control over compliance.

A deficiency in *internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control is intended solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

March 2, 2015



Ross R. Stalcup
Certified Public Accountant



ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

**SCHOOL DISTRICT NO. 6
COLUMBIA FALLS, MONTANA
Schedule of Findings and Questioned Costs**

SECTION I SUMMARY OF AUDITORS RESULTS

1. The Independent auditors report on the financial statements expressed a unqualified opinion.
2. The audit disclosed no material weaknesses in internal control over financial reporting.
3. The audit disclosed no significant deficiencies in internal control over financial reporting.
4. The audit disclosed no material noncompliance matters in relation to the financial statements.
5. There were no deficiencies in internal control over major programs reported during the audit.
6. The report on compliance for major programs expressed a unqualified opinion.
7. The audit disclosed no audit findings that are required to be reported in accordance with section 510(a) of circular A-133.
8. The major program of School District No. 6, Columbia Falls, Montana:
Elementary & Secondary Education Act
Title I CFDA# 84.010
9. The dollar threshold for Type A programs for School District No. 6:

\$300,000.
10. The District did not qualify as a low-risk auditee.

SECTION II FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

None

OTHER MATTERS:

None

SECTION III FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

None

March 2, 2015

Ross R. Stalcup
Certified Public Accountant