

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
Fiscal Year Ended June 30, 2014

AUDIT REPORT

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS

Organization	1
Management Discussion and Analysis	2-5
Independent Auditor’s Report	6-8
Financial Statements	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	9
Statement of Activities	10
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position - Fiduciary Fund Types	15
Statement of Changes in Net Position - Fiduciary Fund Types	16
Notes to Financial Statements	17-28
Required Supplemental Information	
Budgetary Comparison Schedule	29-30
Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation	31
Supplemental Information	
Schedule of Enrollment	32-34
Schedule of Revenues and Expenditures – Extracurricular Fund – All Fund Accounts	35
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	36-37

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2014

BOARD OF TRUSTEES

Cynthia Barnes
Gary Anderson
Tara Norick
Diane Taylor
Harm Toren

Chairperson
Vice Chairperson
Trustee
Trustee
Trustee

DISTRICT OFFICIALS

Dan Block
Peggy A. Martin
Marcia Sheffels
Ed Corrigan

Supervising Teacher
Business Manager
County Superintendent
County Attorney

**Deer Park School District No. 2
Flathead County, Columbia Falls, MT
Management Discussion and Analysis Report
For the Year Ended June 30, 2014**

The Governmental Accounting Standards Board (GASB) issued an accounting standards statement in 1999 that completely revised the financial information and the form of the financial statements that local governments are required to present under generally accepted accounting principles.

This Management Discussion and Analysis provides an abbreviated overview – pages 3 & 4 - of the District's financial activities for the fiscal year ending June 30, 2014, and for comparison purposes, the figures for the year ending June 30, 2013. The complete and detailed financial reports for the year ending June 30, 2014 are included in the following pages of the Audit Report.

Using This Annual Report

The general format of this report is required by Statement No. 34 of the Governmental Accounting Standards Board. Components and purposes of this report are explained below.

Reporting the School District as a Whole

This annual report consists of financial statements for the District that provide information about the activities of the District and present a long-term view of the District's finances (they include capital assets and long-term liabilities).

- The **Statement of Net Position** shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the district.
- The **Statement of Activities** shows the amounts of program-specific and general school district revenues used to support the school district's various functions.

Reporting the District's Most Significant Funds

Fund financial statements present a short-term view of the District's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future). They present detailed information about the District's general fund and certain other funds.

The fund statements report balances and activities of the most significant, or "major" funds separately and combine the activities of less significant funds under a single category.

- The **Balance Sheet** and **Statement of Revenues, Expenditures, and Changes in Fund Balance**, are shown for governmental funds such as the general fund, special revenue funds for tuition, retirement, miscellaneous federal funds, other governmental funds and debt service. These funds represent the majority of the district's activities and programs.

- Fund statements include a **Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**, and a **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**.

Reporting the District's Trust and Fiduciary Responsibilities

The District is the trustee, or fiduciary, for endowments and the student extracurricular fund, with the District being responsible for ensuring these assets are used for their intended purposes.

- These funds are reported in a separate **Statement of Fiduciary Net Position**, and **Statement of Changes in Fiduciary Net Position**, because the District cannot use these assets to fund its operations.

Budget-to-Actual Comparisons

The **Budgetary Comparison Schedules** show how actual expenditures compared to the original and final budgeted expenditures for the general fund, tuition, retirement and debt service funds. The **Budgetary Comparison Schedule** also explains the differences between budgetary inflows and outflows and revenues and expenditures.

Capital Assets

As of June 30, 2014, the District had a total of **\$875,664** in capital assets - prior to depreciation - including land and land improvements, buildings and building improvements, machinery and equipment, and construction work in progress. Depreciation expense for the year was **\$25,796**, with an ending accumulated depreciation of **\$360,816**. The following schedule represents the ending capital asset balances net of depreciation for the fiscal year ended June 30, 2014, with a comparison to June 30, 2013.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Land	\$ 12,200	\$ 12,200
Capital Assets – Depreciable	\$502,648	\$519,509
Construction Work in Progress	\$ -	\$ -
Total:	<u>\$514,848</u>	<u>\$531,709</u>

Debt Administration

As of June 30, 2014, the District had **\$18,778** in long-term debt outstanding, compensated absences, a summary of which is below.

Certified Staff Compensated Absences Liability:	\$ 9,935
Classified Staff & Administrative Compensated Absences Liability:	<u>\$ 8,843</u>
	<u>\$ 18,778</u>

Contact for Additional Information

If you have questions, or need additional information, contact the District Clerk at Deer Park School District #2, 2105 Middle Road, Columbia Falls, MT 59912, (406) 892-5388.

**Deer Park Public School, Flathead County,
Montana
MD & A Comparisons
June 30, 2014**

Table 1 - Net Position

	Governmental Activities		Change
	<u>FY14</u>	<u>FY13</u>	<u>Inc (Dec)</u>
Current and other assets	153,591	180,347	(26,756)
Capital assets	514,848	531,709	(16,861)
Total assets	668,439	712,056	(43,617)
Long-term debt outstanding	18,778	24,878	(6,609)
Other liabilities	1,745	1,067	678
Total liabilities	20,523	25,854	(5,331)
Net investment in capital assets	514,848	531,709	(16,861)
Restricted	65,190	110,617	(45,427)
Unrestricted (deficit)	67,878	43,876	24,002
Total net position	647,916	686,202	(38,286)

Table 2 - Changes in Net Position

	Governmental Activities		Change Inc (Dec)
	<u>FY14</u>	<u>FY13</u>	
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	3,403	588	2,815
Operating grants and contributions	89,732	76,537	13,195
<i>General revenues (by major source):</i>			
Property taxes for general purposes	193,066	152,572	40,494
Grants and entitlements not restricted to specific programs	404,577	329,163	75,414
Investment earnings	914	1,022	(108)
Miscellaneous (other revenue)	11,682	20	11,662
State entitlement (block grants)	12,280	12,645	(365)
State technology	1,307		1,307
County retirement	84,940	63,273	21,667
Total revenues	801,901	635,820	166,081
Program expenses			
Instructional - regular	530,359	484,499	45,860
Instructional - special education	92,731	26,194	66,537
Supporting services - operations & maintenance	60,003	50,160	9,843
Supporting services - educational media services	10,596	10,204	392
Administration - general	30,198	20,548	9,650
Administration - school	35,497	34,750	747
Administration - business	39,684	37,666	2018
Transportation	580	538	42
Extracurricular	7,200	6,925	275
School food	8,543	1,461	7,082
Unallocated depreciation*	25,796	26,276	(480)
Total expenses	841,187	699,221	141,966
Increase (decrease) in net position	(39,286)	(63,401)	24,115

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Deer Park Public School
Flathead County
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 Deer Park Public School, Flathead County, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District'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 from 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 Deer Park Public School, Flathead County, Montana, as of and for the year ended June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2014, the Deer Park Public School, Flathead County, Montana adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information on pages 2 through 5, and 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues and expenditures for the extracurricular fund and the schedule of enrollment are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying schedule of revenues and expenditures for the extracurricular fund and the schedule of enrollment 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 revenues and expenditures for the extracurricular fund and the schedule of enrollment are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2015, on our consideration of the Deer Park Public School, Flathead County, Montana'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 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 Deer Park Public School, Flathead County, Montana's internal control over financial reporting and compliance.

Derring, Downey and Associates, CPAs, P.C.

June 16, 2015

Deer Park Public School, Flathead County
Statement of Net Position
June 30, 2014

		Governmental Activities
ASSETS		
Current assets:		
Cash and investments	\$	140,152
Taxes and assessments receivable, net		10,634
Due from other governments		2,805
Total current assets	\$	153,591
Noncurrent assets		
Capital assets - land	\$	12,200
Capital assets - depreciable, net		502,648
Total noncurrent assets	\$	514,848
Total assets	\$	668,439
LIABILITIES		
Current liabilities		
Current portion of compensated absences payable	\$	4,980
Deferred grant revenues		1,745
Total current liabilities	\$	6,725
Noncurrent liabilities		
Noncurrent portion of compensated absences	\$	13,798
Total noncurrent liabilities	\$	13,798
Total liabilities	\$	20,523
NET POSITION		
Net investment in capital assets	\$	514,848
Restricted for capital projects		2
Restricted for debt service		2,846
Restricted for special projects		62,342
Unrestricted		67,878
Total net position	\$	647,916

See accompanying Notes to the Financial Statements

Deer Park Public School, Flathead County
Statement of Activities
For the Fiscal Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Changes in Net Position</u>
Primary government:		<u>Services</u>	<u>Grants and</u>	<u>Primary Government</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Governmental activities:				
Instructional - regular	\$ 530,359	\$ -	\$ 69,277	\$ (461,082)
Instructional - special education	92,731	-	15,694	(77,037)
Supporting services - operations & maintenance	60,003	-	-	(60,003)
Supporting services - educational media services	10,596	-	-	(10,596)
Administration - general	30,198	-	-	(30,198)
Administration - school	35,497	-	-	(35,497)
Administration - business	39,684	-	-	(39,684)
Student transportation	580	-	-	(580)
Extracurricular	7,200	-	-	(7,200)
School food	8,543	3,403	4,761	(379)
Unallocated depreciation*	25,796	-	-	(25,796)
Total primary government	\$ <u>841,187</u>	\$ <u>3,403</u>	\$ <u>89,732</u>	\$ <u>(748,052)</u>
General Revenues:				
Property taxes for general purposes			\$	193,066
Grants and entitlements not restricted to specific programs				404,577
Investment earnings				914
Miscellaneous (other revenue)				11,682
State entitlement (block grants)				12,280
State technology				1,307
County retirement				84,940
Total general revenues, special items and transfers			\$	<u>708,766</u>
Change in net position			\$	<u>(39,286)</u>
Net position - beginning			\$	686,202
Restatements				1,000
Net position - beginning - restated			\$	<u>687,202</u>
Net position - end			\$	<u>647,916</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs
See accompanying Notes to the Financial Statements

Deer Park Public School, Flathead County
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Retirement</u>	<u>Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current assets:					
Cash and investments	\$ 77,869	\$ 20,352	\$ 33,148	\$ 8,783	\$ 140,152
Taxes and assessments receivable, net	8,787	-	-	1,847	10,634
Due from other governments	-	-	2,805	-	2,805
Total assets	<u>\$ 86,656</u>	<u>\$ 20,352</u>	<u>\$ 35,953</u>	<u>\$ 10,630</u>	<u>\$ 153,591</u>
Current liabilities:					
Deferred grant revenues	\$ -	\$ -	\$ 1,745	\$ -	\$ 1,745
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,745</u>	<u>\$ -</u>	<u>\$ 1,745</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources	\$ 8,787	\$ -	\$ -	\$ 1,847	\$ 10,634
FUND BALANCES					
Restricted	\$ -	\$ 20,352	\$ 34,208	\$ 10,057	\$ 64,617
Assigned	34,769	-	-	-	34,769
Unassigned fund balance	43,100	-	-	(1,274)	41,826
Total fund balance	<u>\$ 77,869</u>	<u>\$ 20,352</u>	<u>\$ 34,208</u>	<u>\$ 8,783</u>	<u>\$ 141,212</u>

See accompanying Notes to the Financial Statements

Deer Park Public School, Flathead County
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2014

Total fund balances - governmental funds	\$	141,212
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		514,848
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		10,634
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(18,778)
Total net position - governmental activities	\$	<u>647,916</u>

See accompanying Notes to the Financial Statements

Deer Park Public School, Flathead County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	<u>General</u>	<u>Retirement</u>	<u>Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local revenue	\$ 179,910	\$ 129	\$ 12,825	\$ 15,777	\$ 208,641
County revenue	-	84,940	-	-	84,940
State revenue	432,286	-	9,444	1,935	443,665
Federal revenue	-	-	57,914	4,761	62,675
Total revenues	<u>\$ 612,196</u>	<u>\$ 85,069</u>	<u>\$ 80,183</u>	<u>\$ 22,473</u>	<u>\$ 799,921</u>
EXPENDITURES					
Instructional - regular	\$ 369,770	\$ 78,456	\$ 84,456	\$ 3,686	\$ 536,368
Instructional - special education	55,602	9,479	1,555	26,095	92,731
Supporting services - operations & maintenance	53,294	3,185	3,524	-	60,003
Supporting services - educational media services	9,256	1,340	-	-	10,596
Administration - general	30,198	-	-	-	30,198
Administration - school	30,098	5,399	-	-	35,497
Administration - business	34,029	5,655	-	-	39,684
Student transportation	-	-	-	580	580
Extracurricular	6,432	768	-	-	7,200
School food	-	-	-	8,543	8,543
Capital outlay	7,935	-	-	-	7,935
Total expenditures	<u>\$ 596,614</u>	<u>\$ 104,282</u>	<u>\$ 89,535</u>	<u>\$ 38,904</u>	<u>\$ 829,335</u>
Net Change in Fund Balance	<u>\$ 15,582</u>	<u>\$ (19,213)</u>	<u>\$ (9,352)</u>	<u>\$ (16,431)</u>	<u>\$ (29,414)</u>
Fund balances - beginning	\$ 62,287	\$ 39,565	\$ 43,560	\$ 25,214	\$ 170,626
Fund balance - ending	<u>\$ 77,869</u>	<u>\$ 20,352</u>	<u>\$ 34,208</u>	<u>\$ 8,783</u>	<u>\$ 141,212</u>

See accompanying Notes to the Financial Statements

Deer Park Public School, Flathead County
Reconciliation of the Statement of Revenues, Expenditures.
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds \$ (29,414)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Capital assets purchased	7,935
- Depreciation expense	(25,796)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

- Long-term receivables (deferred revenue)	1,980
--	-------

The change in compensated absences is shown as an expense in the Statement of Activities

6,009

Change in net position - Statement of Activities **\$ (39,286)**

See accompanying Notes to the Financial Statements

Deer Park Public School, Flathead County
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust Funds		Agency Funds
ASSETS			
Cash and short-term investments	\$ 6,160	\$	45,490
Total assets	\$ 6,160	\$	45,490
LIABILITIES			
Warrants payable	\$ -	\$	45,490
Total liabilities	\$ -	\$	45,490
NET POSITION			
Assets held in trust	\$ 6,160		

See accompanying Notes to the Financial Statements

Deer Park Public School, Flathead County
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

		<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Student activities	\$	6,779
Total additions	\$	<u>6,779</u>
DEDUCTIONS		
Student activities	\$	6,031
Total deductions	\$	<u>6,031</u>
Change in net position	\$	<u>748</u>
Net Position - Beginning of the year	\$	5,412
Net Position - End of the year	\$	<u><u>6,160</u></u>

See accompanying Notes to the Financial Statements

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

GASBS No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard is effective for fiscal year ending June 30, 2014.

Financial Reporting Entity

In determining the financial reporting entity, the District complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity*, as amended by GASB statement No. 61, *The Financial Reporting Entity: Omnibus*, and includes all component units of which the District appointed a voting majority of the component units' board; the District is either able to impose its' will on the unit or a financial benefit or burden relationship exists. In addition, the District complies with GASB statement No. 39 *Determining Whether Certain Organizations Are Component Units* which relates to organizations that raise and hold economic resources for the direct benefit of the District.

Primary Government

The District was established under Montana law to provide elementary educational services to residents of the District. The District provides education from kindergarten through the eighth grade.

The District is managed by a Board of Trustees, elected in district-wide elections, and by an administration appointed by and responsible to the Board. The financial statements include all of the operations of the District controlled by the Board of Trustees. Based on the criteria for determining the reporting entity (separate legal entity and financial or fiscal dependency on other governments) the District is a primary government as defined by GASB Cod. Sec. 2100 and has no component units.

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Basis of Presentation, Measurement Focus and Basis of Accounting.

Government-wide Financial Statements:

Basis of Presentation

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole and its component units. They include all funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a 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. The types of transactions reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) operating grants and contributions, and 3) capital grants and contributions. 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 except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Fund Financial Statements:

Basis of Presentation

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are organized into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is displayed in a separate column in the governmental funds statements. All of the remaining funds are aggregated and reported in a single column as non-major funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Measurement Focus and Basis of Accounting

Governmental Funds

Modified Accrual

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The District defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be upon receipt. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Property taxes, charges for current services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the District.

Major Funds:

The District reports the following major governmental funds:

General Fund - This 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.

Retirement Fund – Authorized by Section 20-9-501, MCA, for the purpose of financing the employer's contribution to the Teachers' Retirement System (TRS), the Public Employees Retirement System (PERS), Unemployment Compensation and Social Security. Fund by a countywide levy for retirement.

Miscellaneous Programs Fund – Authorized by Section 20-9-507, MCA, for the purpose of accounting for 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.

Fiduciary Funds

Fiduciary funds presented using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans). The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net assets. The fiduciary funds are:

Agency Funds – To report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). This fund primarily consist of assets held by the District as an agent for individuals, private organizations, other local governmental entities and the District's claims and payroll clearing funds

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Student Extracurricular Activities Fund – The Student Extracurricular Activities Fund is authorized by Section 20-9-504, MCA, to account for various student activities, such as athletics, clubs, classes, student government organizations, student publications and other such activities. Separate fund accounts within the Extracurricular Fund are maintained to account for these various activities. Unlike other district funds, the money for these activities may be maintained in bank accounts outside the control of the County Treasurer. The fund is administered by school district administrators, faculty members, and student organizations under the guidelines and policies established by the Board of Trustees and in accordance with the “Student Activity Fund Accounting” guidelines. Required guidelines are available from the Montana Association of School Business Officials (MASBO) or from OPI.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District’s cash is held by the County Treasurer and pooled with other County cash. School district cash which is not necessary for short-term obligations, 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 County’s investment portfolio as of June 30, 2014, consisted of certificates of deposits and U.S. Government Securities.

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 S. Main Street, Kalispell, MT 59901. Flathead County investment pool is not rated.

Authorized investments allowed by Section 20-9-213, MCA, include savings or time deposits in a state or national bank, building or loan association, or credit union insured by the FDIC or NCUA located in the state; repurchase agreements; and the State Unified Investment Program. Further, Section 7-6-202, MCA, authorizes investments in U.S. government treasury bills, notes, bonds, U.S. Treasury obligations, treasury receipts, general obligations of certain agencies of the United States, and U.S. government security money market fund if the fund meets certain conditions.

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 3. RECEIVABLES

An allowance for uncollectible accounts was not maintained for real and personal property taxes receivable. The direct write-off method is used for these accounts.

Property tax levies are set in August, in connection with the budget process, and are based on taxable values listed as of January 1 for all property located in the District. 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. Taxable value is defined by Montana statute as a fixed percentage of market value.

Real property taxes are generally billed in October and are payable 50% by November 30 and 50% by May 31. After these dates, taxes become delinquent and become a lien on the property. Personal property is assessed and personal property taxes are billed throughout the year, with a significant portion generally billed in May, June, and July. Personal property taxes are based on levies set during the prior August. These taxes become delinquent 30 days after billing.

Taxes that become delinquent are charged interest at the rate of 5/6 of 1% a month plus a penalty of 2%. Real property on which taxes remain delinquent and unpaid may be sold at tax sales. In the case of personal property, the property is to be seized and sold after the taxes become delinquent.

NOTE 4. INVENTORIES

The costs of inventories are recorded as expenditures when purchased.

NOTE 5. CAPITAL ASSETS

The District's assets are capitalized at historical cost or estimated historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market value when received. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	50 years
Improvements	7 – 30 years
Equipment	5 – 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 no infrastructure to include in the 2013 Basic Financial Statements. The government has elected not to retroactively report general infrastructure assets.

DEER PARK PUBLIC SCHOOL
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

A summary of changes in governmental capital assets was as follows:

Governmental activities:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Restatements</u>	Balance <u>June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 12,200	\$ -	\$ -	\$ 12,200
Other capital assets:				
Buildings	\$ 795,023	\$ -	\$ -	\$ 795,023
Improvements other than buildings	12,970	-	-	12,970
Machinery and equipment	53,736	7,935	(6,200)	55,471
Total other capital assets at historical cost	\$ 861,729	\$ 7,935	\$ (6,200)	\$ 863,464
Less: accumulated depreciation	\$ (342,220)	\$ (25,796)	\$ 7,200	\$ (360,816)
Total	<u>\$ 531,709</u>	<u>\$ (17,861)</u>	<u>\$ 1,000</u>	<u>\$ 514,848</u>

Governmental capital assets depreciation expense was charged to functions as follows:

Governmental Activities:

Unallocated \$ 25,796

NOTE 6. LONG TERM DEBT OBLIGATIONS

In the governmental-wide financial statements, outstanding debt is reported as liabilities.

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

Governmental Activities:

	Balance <u>July 1, 2013</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>	Due Within <u>One Year</u>
Compensated absences	\$ 24,787	\$ (6,009)	\$ 18,778	\$ 4,980

In prior years the general fund and the compensated absences fund was used to liquidate compensated absences and claims and judgments.

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Compensated Absences

Compensated absences are absences for which employees will be paid for time off earned for time during employment, such as earned vacation and sick leave. 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. Upon termination, all payments are made at the employee's current rate of pay.

Full-time teachers earn twelve (12) discretionary leave days on the first day of each school year. In addition, one-half (1/2) day of discretionary leave will be granted for each overnight stay by a teacher who participates in a District approved field trip with students. Upon separation from employment, a teacher who has completed five (5) contract years will be paid for one-quarter (1/4) of his/her unused and accumulated sick leave at his/her daily rate of pay at the time of separation, provided notification of resignation or retirement is received by the District on or before March 1 of the current school year.

The liability associated with governmental fund-type employees is reported in the governmental-type activities.

NOTE 7. STATE-WIDE RETIREMENT PLANS

The District participates in two cost-sharing, multiple-employer defined benefit pension plans. The plans provide retirement, death, and disability benefits to plan members and beneficiaries with amounts determined by the State. Teaching employees (including principals and superintendents) are covered by Montana Teachers Retirement Plan (TRS), and substantially all other District employees are covered by the Montana Public Employees Retirement System (PERS). The plans are established by Montana law and administered by the State of Montana. The plans are cost-sharing multiple-employer defined benefit plans that provide retirement, disability and death benefits to plan members and beneficiaries, with amounts determined by the State. However, PERS members may have chosen the defined contribution retirement plan. Under this plan it puts the employee in control of investments options and their retirement is based upon the cash in their investment account.

DEER PARK PUBLIC SCHOOL
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

Contribution rates are required and determined by State law. The contribution rates, expressed as a percentage of covered payroll for the fiscal year ended June 30, 2014, were:

	<u>PERS**</u>	<u>TRS</u>
Employer	7.80%	8.47%
Employee	7.90%*	8.15%
State	0.37%	2.49%

* For PERS members hired prior 7/1/2011 that rate is 6.90%

** For the defined contribution plan all rates are the same except only 4.19% of the employer amount is added to the individuals account

The State contribution qualifies as an on-behalf payment. These amounts have not been recorded in the District's financial statements and were considered immaterial.

Publicly available financial reports that include financial statements and required supplementary information may be obtained for the plans by writing or calling:

1. Montana Public Employee Retirement Administration, P.O. Box 200131, Helena, Montana 59620-0131 Phone: 1-406-444-3154.
2. Teachers' Retirement System, P.O. Box 200319, Helena, Montana 59620-0139 Phone: 1-406-444-3134.

The District's contributions for the years ended June 30, 2012, 2013, and 2014, as listed below, were equal to the required contributions for each year.

	<u>PERS</u>		<u>TRS</u>
2012	\$ 3,777	\$	27,274
2013	\$ 3,867	\$	29,205
2014	\$ 4,202	\$	39,313

NOTE 8. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

The government considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The government considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

DEER PARK PUBLIC SCHOOL
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

Restricted Fund Balance

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Retirement	\$ 20,352	Employer portion of employee benefits
Miscellaneous Programs	34,208	Third party grant restrictions
All other aggregate:	1,627	Future vacation/sick leave payments
	8,428	Future technology upgrades
	<u>2</u>	Future capital costs
Total	\$ <u>64,617</u>	

Other Significant Commitments

Encumbrances

<u>Fund</u>	<u>Amount of Encumbrance</u>
General	\$ <u>34,769</u>

NOTE 9. DEFICIT FUND BALANCES/NET POSITION

<u>Fund Name</u>	<u>Amount</u>	<u>Reason for Deficit</u>	<u>How Deficit will be eliminated</u>
Transportation	\$ (575)	Reimbursement	Future tax collections
School food	\$ (66)	New lunch program	Future revenues
Tuition	\$ (633)	Enrollment increased	Future tax collections

NOTE 10. RESTATEMENTS

During the current fiscal year, the following adjustments relating to prior years' transactions were made to net position.

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
Governmental Activities	\$ <u>1,000</u>	Accumulated depreciation adjustment

NOTE 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 is a member of the Flathead Special Education Cooperative. The Cooperative is comprised of 15 member districts, each of which contributes to the operating costs of the Cooperative based on an annual fiscal budget adopted by the Cooperative and the benefits derived from the Cooperative's services. Every year each member district appoints a member to the Joint Advisory Board. From this board a four member Management Council is elected to administrated the Cooperative. The County Superintendent of Schools is the prime fiscal agent. The District's contribution to the

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Cooperative was \$1,555 for the fiscal year ended June 30, 2014. Separate financial statements are available from the Flathead Special Education Cooperative.

The District is also a member of the Northwest Montana Education Cooperative. The purpose is to maintain and employ personnel to oversee and coordinate the operation and management of education services including joint purchases of materials and the curriculum development process. The Cooperative is comprised of 20 member districts, each of which contributes to the operating costs of the Cooperative based on an annual fiscal budget adopted by the Cooperative and the benefits derived from the Cooperative's services. Every year, each member district appoints a member to the Joint Advisory Board. From this board, a five member Management Council is elected to administer the Cooperative. The County Superintendent of Schools is the prime fiscal agent. The District's contribution to the Cooperative was \$3,399 for fiscal year ended June 30, 2014. Separate financial statements are available from the Flathead County Education Cooperative.

The District is also a member of the Flathead County Program of Students with Severe Communications Disorders. This program is a collaborative effort by the school districts of Flathead County to meet the needs to students who have severe communication needs with accompanying behavior and learning difficulties. The goal of the program is to provide a positive environment to meet the unique needs of children and adolescents in these areas. The collaborative effort allows resources to be shared reducing the fiscal impact of these services on each district individually. The member districts provide fiscal responsibility to the Host District in the form of a participation and placement fees, and special education tuition. The Special Education Directors from the participating districts serve as the Advisory Board for the program, and are responsible for monitoring the program's compliance with Montana and Federal rules and regulations including all special education law.

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 2013 enrollment. Each District is charge a fee for each student participating in the program. For the fiscal year ended June 30, 2014, the District paid \$21,060 to the Interlocal.

NOTE 12. SERVICES PROVIDED BY OTHER GOVERNMENTS

County Provided Services

The District is provided various financial services by Flathead County. The County also serves as cashier and treasurer for the District for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in the County. The collections made by the County on behalf of the District are accounted for in an agency fund in the District's name and are

DEER PARK PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

periodically remitted to the District by the County Treasurer. No service charges have been recorded by the District or the County.

NOTE 13. 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.

**REQUIRED SUPPLEMENTAL
INFORMATION**

**Deer Park Public School, Flathead County
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014**

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Local revenue	\$ 181,362	\$ 181,362	\$ 179,908	\$ (1,454)
County revenue	-	-	-	-
State revenue	432,285	432,285	432,286	1
Federal revenue	-	-	-	-
Amounts available for appropriation	<u>\$ 613,647</u>	<u>\$ 613,647</u>	<u>\$ 612,194</u>	<u>\$ (1,453)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ 418,232	\$ 418,232	\$ 367,294	\$ 50,938
Instructional - special education	25,063	25,063	55,602	(30,539)
Supporting services - operations & maintenance	51,516	51,516	52,767	(1,251)
Supporting services - educational media services	10,509	10,509	9,256	1,253
Administration - general	35,574	35,574	31,887	3,687
Administration - school	28,511	28,511	30,098	(1,587)
Administration - business	32,977	32,977	34,029	(1,052)
Extracurricular	7,275	7,275	6,432	843
Capital outlay	-	-	26,283	(26,283)
Other current charges	3,989	3,989	-	3,989
Total charges to appropriations	<u>\$ 613,646</u>	<u>\$ 613,646</u>	<u>\$ 613,648</u>	<u>\$ (2)</u>
Net change in fund balance			<u>\$ (1,454)</u>	
Fund balance - beginning of the year			<u>\$ 44,164</u>	
Fund balance - end of the year			<u><u>\$ 42,710</u></u>	

**Deer Park Public School, Flathead County
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014**

	Retirement			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		
RESOURCES (INFLOWS):				
Local revenue	\$ -	\$ -	\$ 129	\$ 129
County revenue	85,574	85,574	84,940	(634)
State revenue	-	-	-	-
Federal revenue	-	-	-	-
Amounts available for appropriation	<u>\$ 85,574</u>	<u>\$ 85,574</u>	<u>\$ 85,069</u>	<u>\$ (505)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ -	\$ -	\$ 78,456	\$ (78,456)
Instructional - special education	-	-	9,479	(9,479)
Supporting services - operations & maintenance	-	-	3,185	(3,185)
Supporting services - educational media services	-	-	1,340	(1,340)
Administration - general	-	-	-	-
Administration - school	-	-	5,399	(5,399)
Administration - business	-	-	5,655	(5,655)
Extracurricular	-	-	768	(768)
Capital outlay	-	-	-	-
Other current charges	104,283	104,283	-	104,283
Total charges to appropriations	<u>\$ 104,283</u>	<u>\$ 104,283</u>	<u>\$ 104,282</u>	<u>\$ 1</u>
Net change in fund balance			<u>\$ (19,213)</u>	
Fund balance - beginning of the year			\$ 39,565	
Fund balance - end of the year			<u><u>\$ 20,352</u></u>	

**Deer Park Public School, Flathead County
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation**

Note A - Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures

	General	Retirement
Sources/Inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 612,194	\$ 85,069
Combined funds (GASBS 54) revenues	2	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	\$ 612,196	\$ 85,069
Uses/Outflows of resources		
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 613,648	\$ 104,282
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
- Encumbrances reported at the beginning of the year	17,735	-
- Encumbrances reported at the end of the year	(34,769)	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 596,614	\$ 104,282

Note B

The Miscellaneous Programs is a major special revenue fund in which a legally adopted budget is not required.

SUPPLEMENTAL INFORMATION

Deer Park Public School
Flathead County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2014

FUND ACCOUNT	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Carryover fund	\$ 1,629	\$ 8	\$ -	\$ 1,637
Class of 2014	294	547	454	387
Class of 2015	399	2,415	908	1,906
Class of 2016	658	380	641	397
Class of 2017	700	580	825	455
Class of 2018	56	200	-	256
Class of 2019	-	21	-	21
Cross - Country	71	1	-	72
Instruments	529	248	250	527
Yearbook	131	481	800	(188)
Library	467	169	295	341
Sports	305	1,688	1,825	168
Student Council	173	41	33	181
Total	\$ <u>5,412</u>	\$ <u>6,779</u>	\$ <u>6,031</u>	\$ <u>6,160</u>

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Deer Park Public School
Flathead County
Columbia Falls, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Deer Park Public School, Flathead County, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Deer Park Public School's basic financial statements and have issued our report thereon dated June 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Deer Park Public School, Flathead County, Montana'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 Deer Park Public School, Flathead County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Deer Park Public School's internal control over financial reporting.

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

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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.

Denning, Downey and Associates, CPA's, P.C.

June 16, 2015