

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY**

SIMMS, MONTANA

FINANCIAL STATEMENT

AS OF

JUNE 30, 2014

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Douglas Wilson & Company, P.C.

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SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY

SIMMS, MONTANA

ORGANIZATION

BOARD OF TRUSTEES

Kennard "Ken" Steinke	Chair
Jason McKinley	Vice-Chair
Timothy "TJ" Reifer	Trustee
Shantel Herman	Trustee
Russ Bloom	Trustee
Shanda Sawyer	Trustee
Tava Smika	Trustee

DISTRICT OFFICIALS

Dave Marzolf	District Superintendent
Belinda Klick	District Clerk
John W. Parker	County Attorney
Jamie Bailey	County Superintendent



Douglas **WILSON**
and Company, PC

To the Board of Trustees
Sun River Valley Public Schools
Cascade County
Simms, Montana

Randal J. Boysun, CPA
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Myra L. Bakke, CPA

Douglas N. Wilson, CPA
Bruce H. Gaare, CPA
Dixie L. Swanson, CPA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sun River Valley Public Schools (District) 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 the Sun River Valley Public Schools, as of 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10, the budgetary comparison information on pages 33 and 34, and the Schedule of Funding Progress on page 35 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 Schools' basic financial statements. The schedule of school district enrollment on pages 36 and 37 and the schedule of revenues, expenditures, and changes in fund balances by student activity for the extracurricular funds on pages 38 and 39 are presented for purposes of additional analysis as required by the State of Montana, and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 and schedule of revenues, expenditures, and changes in fund balances by student activity for the extracurricular funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Prior Year Summarized Information

The 2013 summarized comparative information has been derived from the District's 2013 financial statements, and, in our report dated June 27, 2014, they expressed an unmodified opinion on those financial statements. The summarized comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Douglas Wilson + Company, P.C." The signature is written in a cursive, flowing style.

Great Falls, Montana
July 13, 2015

**SUN RIVER VALLEY SCHOOL DISTRICT 55F
CASCADE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

This management's discussion and analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it along with the District's financial statements for the fiscal year ended on that date.

FINANCIAL HIGHLIGHTS

The District ranks well in achievement tests, advanced placement honors courses and college acceptance rates every year. Both districts ran a technology levy in May 2014 for \$30,000. Because of Federal grant monies, student learning opportunities in the District have not been significantly diminished. We were able to retain all of our current certified staff who are in the classroom teaching students. Sun River Valley Schools has one of the lowest taxable valuations of non-Impact Aid Schools. Yet, by successfully managing a well-designed budget, Sun River Valley Schools has been able to provide a quality education for its students.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the District as a whole with more detailed information for certain District funds. The Statement of Net Position and Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District's finances (they include capital assets and long-term liabilities).

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. Generally accepted accounting principles require that only major funds are disclosed in these financial statements. These statements provide detailed information about the District's General and Elementary Miscellaneous Programs, High School Transportation and High School Bus Depreciation funds, which qualify as major funds. Also attached are summarized financial reports about the Student Activity and Scholarship Trust funds which the District oversees.

THE DISTRICT AS A WHOLE

One important question asked about the District's finances is, "Is the District better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector companies.

The change in net position over time is one indicator of whether District's financial health is improving or deteriorating. However, there are other non-financial factors that influence the District's fiscal health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy and changes in the District's tax base. A change in the School's net position as reported on the statement of activities was \$105,706 for the year ended June 30, 2014.

State law permits the District to request an optional mill levy for general support of District programs. The District ran mill levies in both Districts from 2003-2009. For 2014, the elementary and high school districts each ran a technology levy for \$30,000. Only the elementary technology levy was successful. We implemented the four day school week in 2012-2013. Due to the four day school week and Federal grant monies we were able to keep most programs and personnel. Due to declining enrollment, we have eliminated an Administration position which keeps our cuts far from kids and the classroom. Our enrollment remained stable. By going to the four day school week, electricity, school food and bus fuel costs were about the same as the prior year's 5 day school week. We also received a Quality Schools grant that enabled us to enhance our aging kitchen facility. We will continue to upgrade facilities when money is available. Since our Federal expenditures were under \$500,000, Sun River Valley School District was not required to have a Single Audit.

The District's net position (rounded to the nearest 1,000) was as follows:

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>%</u>
Current Assets	\$ 855,000	\$ 777,000	\$ 78,000	10%
Capital Assets-Net	1,348,000	1,331,000	17,000	1%
Total Assets	<u>2,203,000</u>	<u>2,108,000</u>	<u>95,000</u>	<u>5%</u>
Current Liabilities	45,000	89,000	(44,000)	(49)%
Non-Current Liabilities	176,000	143,000	33,000	23%
Total Liabilities	<u>221,000</u>	<u>232,000</u>	<u>(11,000)</u>	<u>(5)%</u>
NET POSITION	<u>\$ 1,982,000</u>	<u>\$ 1,876,000</u>	<u>\$ 106,000</u>	<u>6%</u>
Net Investment in Capital Assets	\$ 1,348,000	\$ 1,331,000	\$ 17,000	1%
Restricted	402,000	350,000	52,000	15%
Unrestricted	232,000	195,000	37,000	19%
NET POSITION	<u>\$ 1,982,000</u>	<u>\$ 1,876,000</u>	<u>\$ 106,000</u>	<u>6%</u>

Program revenues (rounded to the nearest \$1,000) were as follows:

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>%</u>
Federal Program Revenue	\$ 614,000	\$ 585,000	\$ 29,000	5%
Special Education	87,000	69,000	18,000	100%
State/County Transportation	101,000	98,000	3,000	3%
Sale of Meals/Other Fees	89,000	91,000	(2,000)	(2)%
Total Program Revenue	<u>\$ 891,000</u>	<u>\$ 843,000</u>	<u>\$ 48,000</u>	<u>6%</u>

General revenues (rounded to the nearest \$1,000) were as follows:

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>%</u>
General Revenues				
District Property Taxes	\$ 1,147,000	\$ 1,112,000	\$ 35,000	3%
County Property Taxes	277,000	304,000	(27,000)	(9)%
State Revenue	1,681,000	1,655,000	26,000	2%
Investment Earning/Other	101,000	58,000	43,000	74%
Total General Revenue	<u>3,206,000</u>	<u>3,129,000</u>	<u>77,000</u>	2%
Total Program Revenue	<u>891,000</u>	<u>843,000</u>	<u>48,000</u>	6%
Total Revenue	<u>\$ 4,097,000</u>	<u>\$ 3,972,000</u>	<u>\$ 125,000</u>	3%

The District's expenses (rounded to the nearest \$1,000) were as follows:

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>%</u>
Instruction	\$ 1,842,000	\$ 1,439,000	\$ 403,000	28%
General Administration	214,000	167,000	47,000	28%
School Administration	94,000	140,000	(46,000)	(33)%
Business	162,000	169,000	(7,000)	(4)%
Operation and Maintenance	190,000	331,000	(141,000)	(43)%
Special Education	212,000	238,000	(26,000)	100%
Transportation	441,000	384,000	57,000	15%
Retirement and Insurance	380,000	330,000	50,000	100%
Extracurricular	150,000	115,000	35,000	30%
School Food	258,000	237,000	21,000	9%
Unallocated Depreciation	48,000	47,000	1,000	2%
Total Expenditures	<u>3,991,000</u>	<u>3,597,000</u>	<u>394,000</u>	11%
Less: Program Revenues	<u>891,000</u>	<u>843,000</u>	<u>48,000</u>	6%
Net Expenses	3,100,000	2,754,000	346,000	13%
Less: General Revenues	3,206,000	3,129,000	77,000	2%
Transfers	<u>-</u>	<u>(215,000)</u>	<u>215,000</u>	100%
Change in Net Position	<u>\$ 106,000</u>	<u>\$ 160,000</u>	<u>\$ (269,000)</u>	(168)%

FUND FINANCIAL STATEMENTS

These fund financial statements provide detailed information about the most significant of the School's funds; the School is required to provide detailed information for its "major" funds.

Major funds are defined as the General Fund and other funds where the assets, liabilities, revenues, or expenditures exceed 10% of the total governmental fund amounts. In the 2014 fiscal year, the assets, liabilities, revenues and expenditures of the Elementary Miscellaneous Programs, High School Transportation and High School Bus Depreciation funds exceeded at least one of the 10% thresholds.

The governmental funds provide a short-term view of the District's operations. They are reported using an accounting method called modified accrual accounting which measures amounts using

only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

Total governmental fund balances increased \$76,105 in 2014 as compared to the government wide increase in net position of \$105,706. The primary reasons for the difference are 1) recording capital assets and depreciation expense, and 2) recording of changes in compensated absences liability.

THE FUTURE OF THE DISTRICT

Though Montana's state legislature continues to address the funding issue, it has not resolved it. With present funding limited to State minimums, the District has future choices of increasing revenue with a voted levy or decreasing expenditures through personnel reductions. If personnel are reduced, student programs will likely be reduced as a result. In May, 2014, the District did not hold a General Fund levy however two technology levies were run, one in each district.

The Depart of Commerce Quality Schools Grant will help update our aging kitchen facilities but further resources will be needed to appropriately maintain the buildings.

The District had a decrease in enrollment this year. We are projecting a continual decrease for the 2014-2015 school year. This will decrease general fund revenue though fixed expenses will continue to increase.

SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY - SIMMS, MONTANA

STATEMENT OF NET POSITION
AS OF JUNE 30, 2014
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2013)

	6/30/14	6/30/13
ASSETS		
Current Assets:		
Cash and Investments	\$ 768,602	\$ 667,358
Taxes and Assessments Receivable	85,921	84,588
Due from Other Governments	517	25,656
Total Current Assets	855,040	777,602
Noncurrent Assets		
Capital Assets:		
Land, Building, and Improvements	2,307,527	2,296,647
Machinery and Equipment	1,296,972	1,177,887
Less: Accumulated Depreciation	(2,256,573)	(2,143,712)
Capital Assets: Net	1,347,926	1,330,822
Total Assets	2,202,966	2,108,424
 LIABILITIES		
Current Liabilities		
Other Current Liabilities	224	224
Current Portion of Compensated Absences Payable	44,608	88,688
Total Current Liabilities	44,832	88,912
Noncurrent Liabilities		
Other Postemployment Benefits	48,064	48,064
Noncurrent Portion of Compensated Absences	128,272	95,356
Total Noncurrent Liabilities	176,336	143,420
Total Liabilities	221,168	232,332
 NET POSITION		
Net Investment in Capital Assets	1,347,926	1,330,822
Restricted	402,219	350,552
Unrestricted	231,653	194,718
Total Net Position	\$ 1,981,798	\$ 1,876,092

See accompanying Notes to the Financial Statements

SUN RIVER VALLEY PUBLIC SCHOOLS
 CASCADE COUNTY - SIMMS, MONTANA

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014
 (WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

Functions/Programs	Program Revenue			6/30/14		6/30/13	
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position	Governmental Activities	Net (Expense) Revenue and Change in Net Position	Government Activities
Primary Government:							
Governmental Activities							
Instruction	\$ 1,841,788	\$ 4,300	\$ 531,018	\$ (1,306,470)	\$ (928,530)		
General Administration	214,386	-	-	(214,386)	(167,118)		
School Administration	94,313	-	-	(94,313)	(140,332)		
Business	162,471	-	-	(162,471)	(169,178)		
Operation & Maintenance	189,759	3,980	-	(185,779)	(328,063)		
Special Education	211,815	-	86,769	(125,046)	(169,107)		
Transportation	440,225	-	101,450	(338,775)	(286,379)		
Retirement and Insurance	380,487	-	-	(380,487)	(330,385)		
Extracurricular	150,243	-	-	(150,243)	(115,050)		
School Food	258,491	81,259	83,262	(93,970)	(73,502)		
Unallocated Depreciation	47,551	-	-	(47,551)	(47,114)		
Total Governmental Activities	3,991,529	89,539	802,499	(3,099,491)	(2,754,758)		
General Revenues:							
District Tax Levies				1,146,999	1,111,785		
Other District Revenue				97,602	57,059		
County Distribution - Retirement				276,878	303,713		
State Equalization				950,215	944,751		
State Guaranteed Tax Base Subsidy				486,007	469,712		
State Block Grant				126,875	130,697		
Other State Revenue				117,723	110,164		
Investment Earnings				2,898	1,594		
Total General Revenues				3,205,197	3,129,475		
Transfers Out - Interlocal Agreement				-	(215,000)		
Change in Net Position				105,706	159,717		
Net Position, Beginning of Year				1,876,092	1,737,070		
Restatements				-	(20,695)		
Net Position, Beginning of Year - Restated				1,876,092	1,716,375		
Net Position, End of Year				\$ 1,981,798	\$ 1,876,092		

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY - SIMMS, MONTANA**

**BALANCE SHEET
GOVERNMENT FUNDS
AS OF JUNE 30, 2014**

	Major Funds						
	General Fund	Elementary Miscellaneous Programs Fund	High School Transportation Fund	High School Bus Depreciation Fund	Nonmajor Government Funds	Total Government Funds	
ASSETS							
Cash and Cash Equivalents	\$ 212,867	\$ 84,849	\$ 42,728	\$ 83,933	\$ 344,225	\$ 768,602	
Property Taxes Receivable	54,985	-	8,779	8,269	13,888	85,921	
Due from other governments	-	517	-	-	-	517	
Total Assets	\$ 267,852	\$ 85,366	\$ 51,507	\$ 92,202	\$ 358,113	\$ 855,040	
DEFERRED INFLOWS OF RESOURCES							
Unavailable Tax Revenue	\$ 54,985	-	\$ 8,779	\$ 8,269	\$ 13,888	\$ 85,921	
LIABILITIES							
Current Liabilities	-	-	-	-	224	224	
Other Current Liabilities	-	-	-	-	224	224	
Total Liabilities							
FUND BALANCE							
Restricted for:							
Instruction	-	78,947	-	-	111,299	190,246	
Transportation	-	-	42,728	83,933	44,977	171,638	
School Food	-	-	-	-	26,434	26,434	
Retirement	-	-	-	-	40,714	40,714	
School Administration	-	-	-	-	14,798	14,798	
Operation and Maintenance	-	-	-	-	2,656	2,656	
Capital Projects	-	-	-	-	97,677	97,677	
Assigned to:							
Instruction	34,396	6,419	-	-	-	40,815	
Transportation	-	-	-	-	5,446	5,446	
Unassigned	178,471	-	-	-	-	178,471	
Total Fund Balances	212,867	85,366	42,728	83,933	344,001	768,895	
Total Deferred Inflows of Resources and Fund Balances	\$ 267,852	\$ 85,366	\$ 51,507	\$ 92,202	\$ 358,113	\$ 855,040	

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY - SIMMS, MONTANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Total fund balance reported on government funds Balance Sheet		\$	768,895
Add capital assets not on the Balance Sheet	\$	3,604,499	
Less accumulated depreciation		(2,256,573)	1,347,926
Less liabilities not on the Balance Sheet:			
Compensated absences		(172,880)	
Other Postemployment Benefits		(48,064)	(220,944)
Deferred inflow of resources for property taxes receivable recognized as revenue in the government-wide Statement of Net Position			85,921
Net Position		\$	<u>1,981,798</u>

Net Assets	Balance Sheet	Capital Asset Balances	Debt Related Balances	Measurement Focus Adjustments	Statement of Net Position
Net Investment in Capital Assets	\$ -	\$ 1,347,926	\$ -	\$ -	\$ 1,347,926
Restricted for:					
Instruction	190,246	-	(116,424)	2,523	76,345
Transportation	171,638	-	(9,426)	28,236	190,448
School Food	26,434	-	(3,552)	-	22,882
Retirement	40,714	-	-	-	40,714
School Administration	14,798	-	(11,912)	-	2,886
Capital Projects	97,677	-	-	177	97,854
Operation and Maintenance	2,656	-	(31,566)	-	(28,910)
Unrestricted	224,732	-	(48,064)	54,985	231,653
Total Net Position	\$ 768,895	\$ 1,347,926	\$ (220,944)	\$ 85,921	\$ 1,981,798

Capital Asset Balances: Capital assets used in governmental activities are not financial resources, and therefore, they are not included in the fund level financial statements. Capital assets are economic resources and are reported in the Statement of Net Position.

Debt Related Balances: Long term liabilities, such as bonds and compensated absences, are not due and payable in the current period, and therefore they are not included in the fund-level financial statements. These liabilities reduce net assets from an economic perspective and are reported in the Statement of Net Position.

Measurement Focus Adjustments: These amounts include taxes receivable, which are not available to pay for current period expenditures and therefore the related revenue is reported as deferred inflow of resources on the fund-level Balance Sheet. From an economic perspective, this revenue is earned and the related deferred inflow of resources is removed from the Statement of Net Position when the revenue is recognized on the Statement of Activities.

See accompanying notes.

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY - SIMMS, MONTANA**

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

-----Major Funds-----

	General Fund	Elementary Miscellaneous Programs Fund	High School Transportation Fund	High School Bus Depreciation Fund	Nonmajor Government Funds	Total Government Funds
Revenues:						
District Tax Levies	\$ 714,532	-	\$ 117,571	\$ 113,505	\$ 200,058	\$ 1,145,666
Other District Revenue	164	40,095	2,545	-	144,337	187,141
Investment Earnings	1,410	-	188	164	1,136	2,898
Cascade County	-	-	22,057	-	305,546	327,603
State of Montana Revenue	1,752,221	308,321	26,623	-	58,211	2,145,376
Federal Revenue	-	195,757	-	-	81,804	277,561
Total Revenue	<u>2,468,327</u>	<u>544,173</u>	<u>168,984</u>	<u>113,669</u>	<u>791,092</u>	<u>4,086,245</u>
Expenditures:						
Instructional	1,207,075	530,309	-	-	100,954	1,838,338
General Administration	151,562	8,587	22,748	-	27,662	210,559
School Administration Services	93,933	-	-	-	-	93,933
Business	162,981	635	3,448	-	3,548	170,612
Operation & Maintenance	341,218	16,478	-	-	9,219	366,915
Special Education	189,523	-	9,771	-	12,521	211,815
Transportation	-	-	100,030	60,630	174,157	334,817
Retirement and Insurance	143,241	-	-	-	380,487	380,487
Extracurricular	122,913	7,002	-	-	-	150,243
School food	-	-	-	-	129,508	252,421
Total Expenditures	<u>2,412,446</u>	<u>563,011</u>	<u>135,997</u>	<u>60,630</u>	<u>838,056</u>	<u>4,010,140</u>
Excess (Deficiency) of Revenues Over Expenditures	55,881	(18,838)	32,987	53,039	(46,964)	76,105
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	25,061	25,061
Transfers out	(25,020)	-	-	-	(41)	(25,061)
Change in fund balance	<u>30,861</u>	<u>(18,838)</u>	<u>32,987</u>	<u>53,039</u>	<u>(21,944)</u>	<u>76,105</u>
Fund Balance, Beginning of Year	182,006	104,204	9,741	30,894	365,945	692,790
Fund Balance, End of Year	<u>\$ 212,867</u>	<u>\$ 85,366</u>	<u>\$ 42,728</u>	<u>\$ 83,933</u>	<u>\$ 344,001</u>	<u>\$ 768,895</u>

See accompanying notes.

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY - SIMMS, MONTANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Change in fund balance as reported on the government funds statement		\$	76,105
Revenues on the Statement of Activities not included in the government funds statement:			
Increase in property taxes receivable	\$	<u>1,333</u>	<u>1,333</u>
Expenses on the Statement of Activities not included in the government funds statement:			
Capital assets purchased		179,583	
Depreciation		(162,479)	
Decrease in compensated absences		<u>11,164</u>	<u>28,268</u>
Change in net position as reported on the Statement of Activities		\$	<u><u>105,706</u></u>

See accompanying notes.

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY - SIMMS, MONTANA

**STATEMENT OF FIDUCIARY NET POSITION AND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

FIDUCIARY NET POSITION	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 157,035	\$ 12,459
Total assets	157,035	12,459
LIABILITIES		
Warrants payable	-	12,459
Total liabilities	-	12,459
NET POSITION		
Held in Trust	\$ 157,035	\$ -

CHANGES IN FIDUCIARY NET POSITION	Private Purpose Trust Funds
ADDITIONS	
Student activities	\$ 197,610
Transfers - In - Multidistrict Agreement	-
Other revenue from local sources	1,500
Total Additions	199,110
DEDUCTIONS	
Student Activities	180,505
Instruction - Multidistrict Agreement	56,159
Student Scholarships	500
Total Deductions	237,164
CHANGE IN NET POSITION	(38,054)
NET POSITION	
Beginning of Year	195,089
End of Year	\$ 157,035

See accompanying notes.

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY - SIMMS, MONTANA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Sun River Valley Public Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's significant accounting policies are described below.

Reporting Entity - In determining the financial reporting entity, the District complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity* 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.

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 districts. The Elementary District provides education from kindergarten through the eighth grade and the High School District provides education from grades nine through twelve. Based on the criteria for determining the reporting District (separate legal District 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.

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 District, all activities over which the Board of Trustees exercises responsibility.

The government of Cascade County provides substantial services to the district. Taxes are levied and collected by the County. Cash is maintained and invested by the County Treasurer. The County Commissioners have a legal right to review and approve the budget adopted by the District. However, management policies and day-to-day control of the District are the sole responsibility of the Board of Trustees.

The County does not significantly influence the operations of the District; thus, the District is being treated as a separate and independent local government unit.

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. They include all funds of the reporting District except fiduciary funds. 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 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 that are restricted to meeting the operational or capital requirements of a particular function. 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.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

On the government-wide Statement of Net Position and the Statement of Activities, 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.

Fund Financial Statements:

Basis of Presentation

Fund financial statements of the reporting District 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:

- Total assets, liabilities, 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.

Measurement Focus and Basis of Accounting

Governmental Funds

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.

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. The General Fund is a budgeted fund.

Elementary Miscellaneous Programs Fund - Authorized by Section 20-9-507, MCA, for the purpose of accounting for local, state or federal grants and reimbursements.

High School Transportation Fund – This fund was authorized by Section 20-10-143, MCA for the purpose of financing the maintenance and operation of district owned school buses, contracts with private carriers for school bus service, individual transportation contracts, and any amount necessary for the purchase, rental, or insurance of yellow school buses or operation of the transportation program. This is a budgeted fund.

High School Bus Depreciation Fund - Authorized by Section 20-10-147, MCA, for the purpose of financing the replacement of buses and two-way radio equipment owned by a school district. This is a budgeted 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 position.

The fiduciary funds are:

Private-purpose Trust Funds - To report all other trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

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.

Interlocal Agreement Fund – This fund is authorized by state law for the purpose of accounting for revenues and expenditures related to an interlocal agreement between two or more school districts or other local governments.

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.

Cash and Cash Equivalents and Investments – The District's cash, except for the student extracurricular funds, is held by the County Treasurer and pooled with other County cash. All District cash which is not necessary for short-term obligations is pooled for investment purposes.

Interest earned on pooled investments is distributed to each contributing entity and fund on a pro-rata basis. Authorized investments allowed by Section 20-9-213, MCA, include savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC or NCUA located in the State, or in a repurchase agreement, or with 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 funds if the fund meets certain conditions.

The 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 Cascade County deposits and investments is available from the Cascade County Treasurer's Office.

During 2014, the District closed the student extracurricular fund certificate-of-deposit and put these funds into an investment account. Investments are measured at fair value in the accompanying Statement of Fiduciary Net Position. The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

Cash and cash equivalents: The carrying amounts reported in the accompanying Statement of Fiduciary Net Position for cash and cash equivalents approximate fair value.

Mutual funds: Fair values of mutual funds are based on published unit values.

The District's student extracurricular fund investments are managed by outside investment managers.

Receivables – Property is assessed by the County division of the State Department of Revenue. Valuations are determined under State law and submitted to the County Treasurer for the preparation of tax notices. Property taxes are assessed against the owner of record as of January 1st with the taxes generally being levied in August and billed as of November 1st. Property taxes receivable are recorded as of the date levied. Uncollected taxes receivable at year-end are deferred only in the fund financial statements. The District does not record an allowance for uncollectible taxes because it is considered to be immaterial.

Property taxes are due in two payments, generally November 30 and May 31st. Unpaid taxes become delinquent on December 1st and June 1st. After three years of delinquency, the County may proceed to take title to the property and sell it to pay the taxes.

Inventories – Inventories of materials and supplies are expensed at the time of purchase.

Capital Assets – Capital assets, which include land, building and improvements, and machinery and equipment are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at the estimated fair market value at the date of donation. District policy defines capital assets as assets with an initial individual cost of \$5,000 or more with a useful life of more than one year.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life is not capitalized. Land is not depreciated. Other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	20-50 Years
Machinery and Equipment	5-20 Years

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. Those employees covered by the Union contract will be paid any excess vacation leave remaining after March 31 of each year at their current rate of pay.

Certified employees under the 4-day negotiated agreement shall receive 122 leave hours per year, available for use at the start of each school year and cumulative to a carryover of 1080 hours. If a certified employee already has 1080 hours accumulated at the start of the school year, the 122 hours shall be added to the 1080 hours for that school year only. At the end of the school year, any unused

hours beyond 1080 shall be paid out to the teacher at \$40 per every 9 hours, the same as one 9 hour day. Should any certified employee not complete the school year for any reason, the number of hours that could have been used shall be calculated pro-rata to the percentage of the school year actually worked; and if the employee has utilized any days in excess of that pro-rata amount he/she shall be responsible for reimbursing the district for the over-use. Upon leaving the employment of the Sun River Valley School District those employees with 8 or more years of continuous service will be compensated with 25% of their total accumulated hours at their final rate of pay for a maximum of 1,080 accrued hours. Leave can be used at 1/2 day or full day increments. The 1/2 day would be 4.5 hours and a full day would be 9 hours.

Certified employees under the 5-day negotiated agreement shall be allowed full pay for absences from duty due to family or personal illness at the rate of 1 day per month and an accumulation of a maximum of ninety days total. Upon leaving the employment of the District, those employees with 8 or more years of continuous service will be compensated with 25% of their accumulated sick leave at their final rate of pay for a maximum of ninety accrued sick leave days.

The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. In government funds, sick leave and vacation leave are recorded as expenditures in the year paid, as it is the District's policy to satisfy any unpaid amounts at year-end from future resources, not expendable available resources.

The District, in accordance with section 20-9-512, MCA, transfers money, within the adopted budget, (through an operating transfer) from the General Fund to maintain the Compensated Absences Fund. The purpose of this fund is to pay any accumulated sick leave and vacation leave that a non-teaching or administrative employee is entitled to upon termination of employment. The balance is restricted to 30% of the District's recorded liability for accumulated sick and vacation leave for non-teaching or administrative employees at June 30, 2014.

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term debt obligations are reported as liabilities on the statement of net position.

Fund Equity – In the government-wide statements, equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets: consists of capital assets, net of accumulated depreciation.
- Restricted: consists of assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.
- Unrestricted: all other assets that do not meet the definition of "restricted" or "net investment in capital assets."

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

In the fund financial statements, government fund equity is classified as fund balance. Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Classifications include:

- **Non-spendable Fund Balance:** amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- **Restricted Fund Balance:** amounts that can only be spent for specific purposes because of externally imposed constraints by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance:** amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- **Assigned Fund Balance:** amounts that are constrained by the government's intent to be used for a specific purpose. Intent should be expressed by the governing body itself or a body or official the governing body had delegated the authority to assign amounts to be used for specific purposes.
- **Unassigned Fund Balance:** amounts that are available for any purpose. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption or amendment of the budget.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers committed funds to have been spent first, then assigned funds, and finally unassigned funds, as needed, unless the governing body has provided otherwise in its commitment or assignment functions.

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS:

The District participates in the Cascade County Treasurer's investment program. All of the District's funds, except for the student extracurricular funds, are pooled and invested in the County's investment pool. These pooled investments are recorded at cost. Interest earnings from the pooled investments are allocated to the District based on average month-end balances and are distributed monthly. Funds are withdrawn from the investment program as needed to pay warrants. It is not practical for the District to determine the market risk, investment risk, insurance coverage, or collateral for its share of the County's investments.

The student extracurricular funds are deposited in checking and money market accounts, and are covered by FDIC insurance. Cash and cash equivalents on the Statement of Fiduciary Net Position consisted of the following at June 30, 2014:

	<u>Fair Value</u>	<u>Cost</u>
Cash and Cash Equivalents	\$ 77,228	\$ 77,228
Mutual Funds	27,937	27,110
County Held Funds	51,870	51,870
	<u>\$ 157,035</u>	<u>\$ 156,208</u>

NOTE 3: FAIR VALUE MEASUREMENTS:

The District determined the fair value of its marketable securities through the application of Accounting Standards Codification (ASC) No. 820. The District carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of fiduciary net position.

As required by ASC No. 820, which provides a framework for measuring fair value under GAAP, investments are classified within the level of lowest significant input considered in determining fair value. ASC No. 820 also establishes a fair value hierarchy, which prioritizes the valuation of inputs into three broad levels as described below:

Level 1 – quoted prices in active markets as of the measurement date

Level 2 – quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability

Level 3 – significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

Fair values of assets measured on a recurring basis at June 30, 2014 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	<u>\$ 27,937</u>	<u>\$ 27,937</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4: INTERFUND ACTIVITY:

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between government funds are eliminated in the statement of activities. Interfund transfers in the fund financial statements are reported as operating transfers within other financing sources/uses category. During 2014, the District had a transfer-out of the Elementary and High School General Fund to the Elementary and High School Compensated Absences Fund for \$11,861 and \$13,159, respectively. The District also had residual equity transfers out of the High School Debt Service Fund into the High School Technology Fund totaling \$41.

NOTE 5: CAPITAL ASSETS:

The following is a summary of changes in governmental capital assets during the fiscal year ended June 30, 2014:

<u>Capital Assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and Improvements	\$ 2,296,647	\$ 10,880	\$ -	\$ 2,307,527
Machinery and Equipment	1,177,887	168,703	49,618	1,296,972
Total	3,474,534	179,583	49,618	3,604,499
Less accumulated depreciation	(2,143,712)	(162,479)	(49,618)	(2,256,573)
Total	<u>\$ 1,330,822</u>	<u>\$ 17,104</u>	<u>\$ -</u>	<u>\$ 1,347,926</u>

Depreciation expense was allocated to functions in the government-wide financial statements as follows:

Governmental Activities

Instruction	\$ 6,402
School Food	410
Transportation	105,613
Operations & Maintenance	2,503
Unallocated	47,551
Total governmental activities depreciation expense	<u>\$ 162,479</u>

NOTE 6: DEFERRED INFLOWS OF RESOURCES:

The balances shown as Deferred Inflows of Resources on the governmental funds balance sheet are amounts associated with imposed nonexchange revenue transactions for property taxes as of June 30, 2014.

NOTE 7: LONG TERM DEBT OBLIGATIONS:

The following is a summary of long-term debt transactions of the District for the fiscal year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 184,044	\$ (11,164)	\$ 11,164	\$ 172,880	\$ 44,608
Other post-employment benefits	48,064	-	-	48,064	-
Total	<u>\$ 232,108</u>	<u>\$ (11,164)</u>	<u>\$ 11,164</u>	<u>\$ 220,944</u>	<u>\$ 44,608</u>

NOTE 8: FUND BALANCES:

State law permits a reserve for operations in certain budgeted funds. The maximum reserve for operations permitted the District, which is a percentage of the subsequent year’s budgeted expenditures, is as follows:

General Fund	10%
Transportation	20%
Retirement	20%
Adult Education	35%

State law permits the District to reserve the collection of protested and delinquent property taxes in the general fund.

At June 30, 2014, the High School Miscellaneous Fund had a deficit fund balance of (\$223).

NOTE 9: RETIREMENT PLANS:

The District participates in two statewide 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 System (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.

Contribution rates are required and determined by State law. The contribution rates, expressed as a percentage of covered payrolls, 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% <i>Tier 1</i>	8.15% <i>Tier 2</i>
State	0.37%	2.49%	

Tier 1 – person who became a member before July 1, 2013, and who has not withdrawn their account balance.

Tier 2 - person who became a member on or after July 1, 2013, or who, after withdrawing their account balance, became a member again on or after July 1, 2013.

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:

- Montana Public Employee Retirement Administration,
P.O. Box 200131, Helena, Montana 59620-0131
Phone: 1-406-444-3154.
- 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	\$ 33,636	\$ 109,947
2013	\$ 32,284	\$ 106,358
2014	\$ 37,941	\$ 115,125

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB):

The District allows its retired employees to continue to participate in its group health insurance plan at a premium rate that does not cover all of the related healthcare costs. This results in an other postemployment benefit (OPEB) referred to as an "implicit rate subsidy". OPEB is considered to be a long-term liability and is recorded on the accrual basis on the government-wide Statements of Net Position and Statement of Activities. The most recent evaluation was completed for the year ending June 30, 2013.

Plan Description: Montana Unified School Trust is the insurance company handling the District's insurance. As required by State law (2-18-704, MCA), the District provides its employees who retire, along with their eligible spouses and dependents, the option to continue to participate in the District's group health insurance plan. To continue this health insurance coverage, the retirees are required to pay the full amount of their premium. State law does not require that the District provide the same premium rates to retirees as it pays for its active employees, nor does it require that the District pay any portion of the retiree premiums. Premium rates and healthcare benefits may be administratively altered at the end of any contract year.

Funding Policy: The plan operates on a "pay-as-you-go" basis. The District pays \$27,061 of the premium for its active employees per month, and contributes nothing to the premium for its retirees. For school year 2013-2014, premiums for the District's retirees and active employees were at the same rate, and varied between \$481 and \$1,769 per month, depending on the coverage selected. For the fiscal year ended June 30, 2014, 2 retired members and 32 active employees received benefits through the District's healthcare plan.

Annual Required Contribution (ARC): The ARC, an actuarially determined amount, represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the district's annual OPEB cost for the year June 30, 2013, the amount actually contributed to the plan, and changes in the district's net OPEB obligation.

Net OPEB Obligation at June 30, 2012	\$ 469,059
Interest on net OPEB obligation	60
Amortization Factor	17,517
Adjustment to ARC	(438,572)
Annual OPEB cost (expense)	<u>48,064</u>
Contributions made	-
Net OPEB obligation at June 30, 2013	<u><u>\$ 48,064</u></u>

The funding status of the plan as of June 30, 2013 is shown below.

Actuarial Accrued Liability (AAL)	\$ 317,367
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 317,367</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	<u><u>\$ 2,149,102</u></u>
UAAL as a percentage of covered payroll	15%

Actuarial Methods and Assumptions: The District has fewer than 100 plan members, and has elected to use the alternative measurement method rather than receiving an actuarial evaluation. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan terms as understood by the District and plan members) at the time of the actuarial valuation and on the pattern of sharing of costs between the District and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial methods and significant assumptions used include:

- Calculation of the ARC Using the Unit Credit Cost Method with the present value of future normal costs amortized as a level dollar amount
- Assumed retirement age at 62
- Marital status: same as what was in effect at the valuation date
- Discount rate: 0.34%
- Plans with coverage options: calculated average rate over all plan options
- Projected Salary Increases of 2.8%
- Healthcare cost trend rate at:

<u>Year</u>	<u>% Increase</u>
2014	7.40%
2015	5.70%
2016	6.30%
2017	5.90%
2018	6.20%
2019	6.50%
2020	6.70%
2021 and thereafter	6.50%

The required Schedule of Funding Progress immediately following the notes to the financial statements in the required supplementary information is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11: JOINT VENTURES:

A joint venture is a legal entity or other organization created by a contractual agreement that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control for the purpose of pooling resources and sharing costs, risks and rewards of providing goods or services to the venture participants.

The District is a member of the North Central Learning Center Special Education Cooperative (“Cooperative”). The Cooperative is comprised of 7 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 administrate the Cooperative. The County Superintendent of Schools is the prime fiscal agent. Separate financial statements are available from the North central Learning Center Special Education Cooperative.

The District is a member of the Golden Triangle Cooperative (GTC). The Board of Trustees has designated the Superintendent and the District Clerk of Shelby Public Schools as the administrator and fiscal agent for the Cooperative agreement.

NOTE 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) workers' compensation, i.e., employee injuries, and (e) medical insurance costs of employees. Commercial insurance policies are purchased for loss or damage to property, general liability, and medical insurance. 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.

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.

NOTE 13: OPERATING LEASE:

The District entered into a lease agreement for two color copier/fax machines. Each lease is for 12 months with one having an annual base rate payment of \$4,500 and the other \$1,032. Additional fees are charged based on the number of copies made. Rental expense paid for the year ended June 30, 2014 totaled \$8,339.

NOTE 14: COMMITMENTS AND CONTINGENCIES:

The District had commitments outstanding in the form of encumbrances at year end totaling \$46,261. These encumbrances were primarily for supplies. The following schedule displays encumbrances:

	<u>General Fund</u>	<u>Elementary Miscellaneous Programs Fund</u>	<u>Elementary Transportation Fund</u>	<u>Total Government Funds</u>
Assigned: Instruction	<u>\$ 34,396</u>	<u>\$ 6,419</u>	<u>\$ 5,446</u>	<u>\$ 46,261</u>

In the Interlocal Agreement Fund shown in the fiduciary statements, encumbrances were zero for the year ended June 30, 2014.

A petition was filed to transfer territory from Simms High School District to Power High School District. If the petition is approved, this could affect enrollment numbers in future years and state funding. The outcome of the petition is not yet final as of year-end 2014.

NOTE 15: SUBSEQUENT EVENTS:

Accounting Standards Codification (ASC) No. 855: Subsequent Events, establishes general standards of accounting for and disclosures of events that occur after the statement of financial position date but before the financial statements are issued or are available to be issued. Specifically, it sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the statement of financial position date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the statement of financial position date. In accordance with ASC No. 855, the District evaluated subsequent events through July 13, 2015, the date these financial statements were available to be issued. No subsequent events occurred that require note disclosure.

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY - SIMMS, MONTANA

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL
GENERAL FUNDS, HIGH SCHOOL TRANSPORTATION AND HIGH SCHOOL BUS DEPRECIATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	ELEMENTARY GENERAL FUND			HIGH SCHOOL GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Revenues:						
District Tax Levies	\$ 360,766	\$ 363,155	\$ 2,389	\$ 352,345	\$ 351,377	\$ (968)
Other District Revenue	159	164	5	334	-	(334)
State Revenue	937,894	937,894	-	814,327	814,327	-
County Revenue	-	-	-	-	-	-
Investment Earnings	2	807	805	2	603	601
Total Revenues	<u>1,298,821</u>	<u>1,302,020</u>	<u>3,199</u>	<u>1,167,008</u>	<u>1,166,307</u>	<u>(701)</u>
Expenditures:						
Instructional	-	801,331	-	-	628,368	-
General Administration	-	87,012	-	-	64,550	-
School Administration	-	93,895	-	-	38	-
Business	-	88,973	-	-	73,933	-
Operation and Maintenance	-	124,669	-	-	216,549	-
Transportation	-	-	-	-	-	-
Extracurricular	-	30,100	-	-	113,141	-
School Food	-	63,120	-	-	59,793	-
Total Expenditures	<u>1,298,821</u>	<u>1,289,100</u>	<u>(9,721)</u>	<u>1,167,008</u>	<u>1,156,372</u>	<u>(10,636)</u>
Excess (Deficiency) of Revenues Over Expenditures and Transfers	<u>\$ -</u>	<u>12,920</u>	<u>\$ 12,920</u>	<u>\$ -</u>	<u>9,935</u>	<u>\$ 9,935</u>
Other Financing Sources (Uses)		(11,861)			(13,159)	
(Increases) Decreases in Encumbrances		<u>28,067</u>			<u>4,959</u>	
Net Change in Fund Balances		29,126			1,735	
Fund Balances, Beginning of Year		<u>82,806</u>			<u>99,200</u>	
Fund Balances, End of Year		<u>\$ 111,932</u>			<u>\$ 100,935</u>	

HIGH SCHOOL TRANSPORTATION FUND			HIGH SCHOOL BUS DEPRECIATION FUND			COMBINED
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	ACTUAL
\$ 119,234	\$ 117,571	\$ (1,663)	\$ 114,827	\$ 113,505	\$ (1,322)	\$ 945,608
-	2,545	2,545	30,894	-	(30,894)	2,709
27,666	26,623	(1,043)	-	-	-	1,778,844
23,100	22,057	(1,043)	-	-	-	22,057
-	188	188	-	164	164	1,762
<u>170,000</u>	<u>168,984</u>	<u>(1,016)</u>	<u>145,721</u>	<u>113,669</u>	<u>(32,052)</u>	<u>2,750,980</u>
-	-	-	-	-	-	1,429,699
-	22,748	-	-	-	-	174,310
-	-	-	-	-	-	93,933
-	3,448	-	-	-	-	166,354
-	-	-	-	-	-	341,218
-	109,801	-	-	60,630	-	170,431
-	-	-	-	-	-	143,241
-	-	-	-	-	-	122,913
<u>170,000</u>	<u>135,997</u>	<u>(34,003)</u>	<u>145,721</u>	<u>60,630</u>	<u>(85,091)</u>	<u>2,642,099</u>
<u>\$ -</u>	<u>32,987</u>	<u>\$ 32,987</u>	<u>\$ -</u>	<u>53,039</u>	<u>\$ 53,039</u>	108,881
-	-	-	-	-	-	(25,020)
-	-	-	-	-	-	33,026
-	32,987	-	-	53,039	-	116,887
-	9,741	-	-	30,894	-	222,641
-	<u>\$ 42,728</u>	-	-	<u>\$ 83,933</u>	-	<u>\$ 339,528</u>

See Independent Auditors' Report

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA**

**NOTES TO BUDGET AND ACTUAL SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

State law requires the District to prepare budgets for certain funds – generally funds supported by property tax revenues. Budgets are prepared on the modified accrual basis of accounting. Budgeted fund expenditures are limited by state law to the total budgeted amount which may be amended as defined by state law. There were no budget amendments in 2014.

General fund budgets are based on the State of Montana's foundation program which is based primarily on enrollment. Budgets of other funds are based on expected revenues and expenditures. The Board approves the original budget by the fourth Monday in August.

State law permits the inclusion of obligations (encumbrances) for construction-in-progress and the purchase of personal property as expenditures for budget purposes. There were \$46,261 of encumbrances in 2014.

State law requires only that a fund's total expenditures not exceed total budgeted expenditures.

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY - SIMMS, MONTANA

REQUIRED SUPPLEMENTAL INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN - RETIREE HEALTH INSURANCE
SCHEDULE OF FINDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a) / (c)</u>
July 1, 2009	\$ -	\$ 881,654	\$ 881,654	0.0%	\$ 1,572,552	56.1%
June 30, 2013	\$ -	\$ 317,367	\$ 317,367	0.0%	\$ 2,149,102	14.8%

As additional actuarial valuations are performed, this schedule will be expanded to include information for the most recent two preceding valuations, and will include disclosure of any factors that significantly affect the identification of trends in the amounts reported. The District is required to have actuarial evaluations done at least triennially.

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2014**

Fall Enrollment

- a. Pre-Kindergarten
- b. Kindergarten Full
- c. Kindergarten Part
- d. Grades 1-6
- e. Grades 7-8
- f. Total Elementary (add lines a thru e)

<u>Part-time students:</u>		Per Enrollment Reports			
Grade		<u><180 hrs/yr</u>	<u>180-359 hrs/yr</u>	<u>360-539 hrs/yr</u>	<u>540-719 hrs/yr</u>
K-Full		0	0	0	0
K-Part		0	0	0	0
1-6		0	0	0	0
7-8		0	0	0	0
High School District					
g. Grades 9 - 12					
h. 19 Year-olds included on line g					
i. Youth Challenge students included on line g					

<u>Part-time students:</u>		Per Enrollment Reports			
Grade		<u><180 hrs/yr</u>	<u>180-359 hrs/yr</u>	<u>360-539 hrs/yr</u>	<u>540-719 hrs/yr</u>
9-12		0	0	0	0

Winter Enrollment

- Elementary School District
- j. Pre-Kindergarten
 - k. Kindergarten Full
 - l. Kindergarten Part
 - m. Grades 1-6
 - n. Grades 7-8
 - o. Total Elementary (add lines j thru n)

<u>Part-time students:</u>		Per Enrollment Reports			
Grade		<u><180 hrs/yr</u>	<u>180-359 hrs/yr</u>	<u>360-539 hrs/yr</u>	<u>540-719 hrs/yr</u>
K-Full		0	0	0	0
K-Part		0	0	0	0
1-6		0	0	0	0
7-8		0	0	0	0
High School District					
p. Grades 9 - 12					
q. 19 Year-olds included on line p					
r. Early Graduates (not included in p)					
s. Youth Challenge students included on line p					

<u>Part-time students:</u>		Per Enrollment Reports			
Grade		<u><180 hrs/yr</u>	<u>180-359 hrs/yr</u>	<u>360-539 hrs/yr</u>	<u>540-719 hrs/yr</u>
9-12		0	0	0	0

Fall Per Enrollment Reports	Audit Per District Records	Difference
0	0	0
16	16	0
0	0	0
105	105	0
36	36	0
157	157	0

Audit Per District Records

<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
		103	103	0
		1	1	0
		0	0	0

Audit Per District Records

<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
0	0	0	0	0

Winter Per Enrollment	Audit Per District	Difference
0	0	0
17	17	0
0	0	0
105	105	0
36	36	0
158	158	0

Audit Per District Records

<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
		105	105	0
		1	1	0
		0	0	0
		0	0	0

Audit Per District Records

<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
0	0	0	0	0

See Independent Auditors' Report.

SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2014

Spring Enrollment

Elementary School District

- j. Pre-Kindergarten
- k. Kindergarten Full
- l. Kindergarten Part
- m. Grades 1-6
- n. Grades 7-8
- o. Total Elementary (add lines j thru n)

Part-time students:

Grade	Per Enrollment Reports			
	<u><180 hrs/yr</u>	<u>180-359 hrs/yr</u>	<u>360-539 hrs/yr</u>	<u>540-719 hrs/yr</u>
K-Full	0	0	0	0
K-Part	0	0	0	0
1-6	0	0	0	0
7-8	0	0	0	0

High School District

- p. Grades 9 - 12
- q. 19 Year-olds included on line p
- r. Early Graduates (not included in p)
- s. Youth Challenge students included on line p

Part-time students:

Grade	Per Enrollment Reports			
	<u><180 hrs/yr</u>	<u>180-359 hrs/yr</u>	<u>360-539 hrs/yr</u>	<u>540-719 hrs/yr</u>
9-12	0	0	0	0

Spring Per Enrollment	Audit Per District	Difference
0	0	0
17	17	0
0	0	0
104	104	0
34	34	0
155	155	0

Audit Per District Records				
<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
		103	103	0
		1	1	0
		0	0	0
		0	0	0

Audit Per District Records				
<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
0	0	0	0	0

See Independent Auditors' Report.

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY - SIMMS, MONTANA

SCHEDULE OF REVENUES AND EXPENDITURES - ELEMENTARY
EXTRACURRICULAR FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Fund Account</u>	<u>Beginning Balance 7/1/2013</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In (Out)</u>	<u>Ending Balance 6/30/2014</u>
Cash Exchange (Revolving)	\$ 1,000	\$ 2,403	\$ 2,960	\$ (443)	\$ -
Missoula Children's Theater	105	500	-	-	605
Annual	-	-	-	-	-
Athletics	-	-	-	-	-
Cheerleading	-	-	-	-	-
Home Economics	-	-	-	-	-
Shop	-	-	-	-	-
Student Council	-	-	-	-	-
Library	179	-	266	443	356
Music	279	-	-	-	279
Science Olympiad	-	-	-	-	-
Fort Shaw Acc. Reader	123	1,000	-	-	1,123
Science Club	-	-	-	-	-
Cascade Colony School	119	-	-	-	119
Fort Shaw Student Events	3,271	168	470	-	2,969
8th Grade	-	-	-	-	-
Class of 2009	-	-	-	-	-
Class of 2010	-	-	-	-	-
Student Events	-	-	-	-	-
Fund Raising Exchange	-	-	-	-	-
Miscellaneous Charges	-	-	-	-	-
Student Fundraising Account	6,134	10,837	5,867	-	11,104
MBI	261	1,446	609	-	1,098
Totals	\$ 11,471	\$ 16,354	\$ 10,172	\$ -	\$ 17,653

See Independent Auditors' Report.

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY - SIMMS, MONTANA

SCHEDULE OF REVENUES AND EXPENDITURES - HIGH SCHOOL
 EXTRACURRICULAR FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Fund Account	Beginning Balance 7/1/2013	Revenues	Expenditures	Transfers In (Out)	Ending Balance 6/30/2014
Activities - Misc.	\$ 84	\$ -	\$ -	\$ (84)	\$ -
Annual	4,274	2,585	4,103	-	2,756
Art Account	427	-	-	(427)	-
Athletic	1,104	32,366	31,848	478	2,100
B.P.A.	371	21,758	19,317	904	3,716
Band	567	121	326	-	362
Booster Club	-	-	-	-	-
Choir Fund	1,283	474	1,079	-	678
Class of 2013	65	-	52	(13)	-
Class of 2014	2,582	351	2,834	718	817
Class of 2015	2,045	1,530	2,660	718	1,633
Class of 2016	1,281	1,311	1,731	821	1,682
Class of 2017	1,554	413	1,113	308	1,162
Class of 2018	165	2,703	2,644	1,026	1,250
Class of 2019	-	79	252	410	237
Concessions	155	21,305	15,722	(4,566)	1,172
Division Wrestling	200	-	-	(200)	-
FCCLA	486	-	-	(486)	-
FFA	2,410	8,677	9,460	240	1,867
Flair (Adv) Foods	183	-	-	(183)	-
Football	-	-	-	-	-
Foreign Language	62	-	-	(62)	-
Gifted/Talented	215	-	-	(215)	-
ID Cards - Participation Fee	-	-	-	-	-
JH Basketball	-	-	-	-	-
Library	2,353	484	1,798	-	1,039
Lifetouch Scholarship	136	138	-	(274)	-
Media Center	-	-	-	-	-
Misc. Charges	(155)	189	-	(34)	-
Montana Heritage	1,040	-	-	(1,040)	-
National Honor Society	549	125	321	-	353
Pop	3,184	3,966	4,964	1,017	3,203
Revolving	552	6,193	7,495	273	(477)
Revtrak	(265)	8,625	8,653	293	-
Science Olympiad	6,120	55,009	35,911	(6,777)	18,441
Science Research	-	1,131	5,521	6,879	2,489
Sewing	(202)	365	648	895	410
Speech-Debate	350	238	425	308	471
Student Council	241	1,944	2,042	808	951
Student Needs	250	3	243	-	10
Student Projects	713	2,760	2,718	-	755
Varsity	2,653	1,869	2,353	-	2,169
Vending Machine	1,909	1,687	2,331	-	1,265
Weight Lifting	1,735	-	-	(1,735)	-
Wohlgemuth Scholarship	-	-	-	-	-
Totals	\$ 40,676	\$ 178,399	\$ 168,564	\$ -	\$ 50,511

See Independent Auditors' Report.



Douglas **WILSON**
and Company, PC

Board of Trustees
Sun River Valley Public Schools Cascade County
Simms, Montana

Randal J. Boysun, CPA
Gerard K. Schmltz, CPA
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Douglas N. Wilson, CPA
Bruce H. Gaare, CPA
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**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**

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 Sun River Valley Public Schools ("District"), 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 and have issued our report thereon dated July 13, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: numbers 2014-001 through 2014-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2014-003 through 2014-006.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Great Falls, Montana
July 13, 2015

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA**

**SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

The following is a schedule of findings and other matters which arose during the audit for the year ended June 30, 2014:

CURRENT YEAR

**Questioned
Costs**

2014-001: CASH ACCOUNTS HELD WITH THE COUNTY

CRITERIA: Every month, the District shall reconcile ending cash, investments, cash receipts and cash disbursements reported by the county treasurer with the District's records for all funds. Any differences shall be documented and adjusted to the District's records as necessary. (ARM 10.10.501, 10.10.615 and 10.10.625)

CONDITION: The District reconciles the cash with the county monthly. The cash records do not reconcile to the county reports at year-end for the payroll fund.

CAUSE: The District is performing monthly reconciliations with County reports. However, there have been mistakes made at the County level causing differences with the District balances. The District is continually working with the County to reconcile differences monthly.

EFFECT: Balances reported in the accounting system at the District are not supported by the County reports.

RECOMMENDATION: We recommend the District continue to work with the County to reconcile cash differences.

SCHOOL DISTRICT RESPONSE: I will continue to work with the County each month upon receiving our monthly report.

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA**

**SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

2014-002: ENCUMBRANCES

CRITERIA: The District may encumber current year appropriations for valid obligations existing as of June 30th. Criteria for determining whether a valid obligation exists are as follows (ARM 10.10.101):

- a) The cost of personal property, including materials, supplies and equipment, ordered but not received may be encumbered if a valid purchase order for the items were issued prior to June 30th.
- b) The cost of commitments related to construction in progress may be encumbered if a legally binding contract was signed and effective or a valid purchase order was issued prior to June 30th.

CONDITION: The District provided reports of encumbrances for the year from the accounting software, but these amounts did not agree to those amounts reported in the Trustees' Financial Summary ("TFS"). The support showed \$6,375 but the TFS reported \$46,261 in encumbrances. The District is not sure why there are variances between the documents.

CAUSE: Unknown.

EFFECT: The encumbrance amounts reported in the TFS may be incorrect for the reporting period.

RECOMMENDATION: We recommend the District review the encumbrances to make sure they are valid and agree these totals to the TFS prior to filing the TFS.

SCHOOL DISTRICT RESPONSE: I honestly do not know why there is such a big discrepancy. I've been working with Black Mountain on resolving this issue. Going forward once the issue is resolved I will double check all encumbrance documents to make sure they equal.

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA**

**SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

2014-003: HIGH SCHOOL EXTRACURRICULAR FUND

CRITERIA: The student extracurricular fund is used to account for the various student activities, such as: athletics, clubs, student government organizations, and similar activities. Cash balances in the student extracurricular fund may not be used to finance district expenditures for purposes other than student extracurricular activities (ARM 10.10.304).

CONDITION: Lunch collections are processed through the extracurricular fund, then later a check is written out of this account to the cash account with the County because lunch funds are required to be deposited to the District's food services fund. However, fees associated with credit card payments and fees for Rev Track (lunch program software) are paid for with student extracurricular funds. This issue was identified as part of the prior year audit, but due to the timing of the prior audit the district was not able to correct this issue until after the end of the 2013-2014 school year. Subsequent to June 30, 2014, the district opened a separate Rev Track account to cover deposits and fees associated with lunch monies.

CAUSE: The District has paid for credit card fees and Rev Track fees out of extracurricular funds in error.

EFFECT: None compliance with administrative rules.

RECOMMENDATION: We recommend the District pay for these fees with District monies or pass the fees onto the users.

SCHOOL DISTRICT RESPONSE: The district established a separate account for our on line lunch payments. We currently charge a user fee however the service charge fee accessed by Rev Track is usually higher than what we've collected. At year end the district will issue a check to offset any differences.

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA**

**SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

2014-004: BUS DEPRECIATION RESERVE FUND

CRITERIA: Whenever a bus depreciation reserve fund is established, the budget may include an amount each year that does not exceed 20% of the original cost of a bus or two-way radio. The amount budgeted, overtime, may not exceed 150% of the original cost of a bus or two-way radio. Each bus being depreciated must be listed in the budget document.

CONDITION: The District's budget documentation for the high school includes all buses and radios that are being depreciated. The budget amount, however, exceeds the 20% requirement noted above. All the buses and radios are listed on the depreciation schedule, but the amounts listed on the budget document and the depreciation schedule are not in agreement.

CAUSE: Unknown

EFFECT: The lack of accuracy with this information could affect the budget for this fund.

RECOMMENDATION: We recommend the District review the requirements for setting the bus depreciation fund budget and reconcile the budget document and the depreciation schedule to ensure accurate amounts are presented.

SCHOOL DISTRICT RESPONSE: The district will contact the Office of Public Instruction when doing the depreciation schedule to ensure that the records are accurate and the amounts listed on the budget document and the depreciation schedule are in agreement.

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA**

**SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

2014-005: INTEREST ALLOCATION

CRITERIA: All interest collected on the deposits or investments of school district funds must be credited to the fund from which the money was withdrawn. An exception to this is that interest earned on the investment of bond proceeds must be credited to the debt service fund or the building fund, at the discretion of the board of trustees. (MCA 20-9-213(4)).

CONDITION: The District corrected the prior year finding and is now recording interest in all funds rather than only the flex funds of each district. However, the District is rotating each month the funds that receive the interest rather than allocating interest to all funds each month.

CAUSE: The District is applying the interest on a rotating basis to the funds.

EFFECT: Noncompliance with state law.

RECOMMENDATION: We recommend the District start allocating interest to all funds as required in state law MCA 20-9-213.

SCHOOL DISTRICT RESPONSE: I spoke with Steve Hamel on this issue. Going forward as of my May 2015 County report I've applied interest to all funds.

**SUN RIVER VALLEY PUBLIC SCHOOLS
CASCADE COUNTY
SIMMS, MONTANA**

**SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014**

2014-006: TRANSPORTATION FUND

CRITERIA: Transportation Fund expenditures should only be made for costs associated with the program for transporting students to and from school. Only yellow school buses that are used on school bus routes may be purchased through the Transportation Fund. Activities and athletics buses, drivers' education cars, and vehicles intended to be used for employee travel cannot be purchased from this fund.

CONDITION: The District purchased a 2013 Chevy Impala with these funds.

CAUSE: Unknown.

EFFECT: Non-compliance with Transportation Fund expenditure requirements.

RECOMMENDATION: We recommend the District only use Transportation Funds for their intended purpose.

SCHOOL DISTRICT RESPONSE: The District will use Transportation Funds for their intended purpose.

SUN RIVER VALLEY PUBLIC SCHOOLS

**CASCADE COUNTY
SIMMS, MONTANA**

**STATUS OF PRIOR FINDINGS AND RESPONSES
JUNE 30, 2014**

PRIOR AUDIT FINDINGS

Finding #2013-001: STUDENT ACTIVITY ACCOUNTS

The District records for the high school student accounts do not reconcile to the bank balances for these accounts at year-end. The amounts reflected for student accounts total \$40,676 on the accounting records, and the total of the bank accounts for the student activity funds total \$29,619. The District has a CD established for the unassigned extracurricular funds totaling \$27,675. There are old outstanding checks reflected on the accounting records going back to 2003.

We recommend the District: 1) use funds out of the CD to assign to the student activity accounts so the bank balance agrees to the balances in the accounting software, 2) adjust the Trustee Financial Summary to accurately reflect the cash balances as of June 30, 2014, 3) review the outstanding check listing and properly remove old items as of June 30, 2014.

Status: Implemented

Finding #2013-002: CASH ACCOUNTS HELD WITH THE COUNTY

The District cash records do not reconcile to the county reports at year-end for the following funds: housing and dormitory, Fund 21, compensated absences, elementary Interlocal, high school driver's education, high school scholarships, elementary miscellaneous and claims clearing.

We recommend the District continue to work with the County to reconcile cash differences.

Status: Partially Implemented – see finding #2014-001.

Finding #2013-003: CAPITAL ASSETS

The District's record of capital assets included items that are no longer in the District's possession, and also excluded new items purchased during the fiscal year.

We recommend the District review the capital asset listing annually prior to completion of the Trustees Financial Summary and make adjustments accordingly.

Status: Implemented

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY
SIMMS, MONTANA

STATUS OF PRIOR FINDINGS AND RESPONSES JUNE 30, 2014

Finding #2013-004: COMPENSATED ABSENCES

The District's calculation of the liability for certified staff included all certified staff including those not eligible for payment of the compensated absence liability because they had not reached eight years of continuous employment. The District recalculated the compensated absences liability as of June 30, 2013.

Status: Implemented.

Finding #2013-005: INTEREST ALLOCATION

The District records interest earned through but only records interest earned into the high school and elementary flex funds. The total amount of interest recorded in the 2012-13 year in each high school and elementary flex fund totaled \$795, respectively.

We recommend the District start allocating interest to the different funds as required in state law MCA 20-9-213

Status: Partially Implemented – see finding #2014-002.

Finding #2013-006: HIGH SCHOOL EXTRACURRICULAR FUND

Lunch collections are processed through the extracurricular fund, then later a check is written out of this account to the cash account with the County because lunch funds are required to be deposited to the District's food services fund. However, fees associated with credit card payments and fees for Rev Track (lunch program software) are paid for with student extracurricular funds.

We recommend the District pay for these fees with District monies or pass the fees onto the users.

Status: Not Implemented – see finding #2014-003.

SUN RIVER VALLEY PUBLIC SCHOOLS

CASCADE COUNTY
SIMMS, MONTANA

STATUS OF PRIOR FINDINGS AND RESPONSES JUNE 30, 2014

Finding #2013-007: ENCUMBRANCES

The District encumbered \$3,037 in the Elementary Miscellaneous funds for goods that were ordered and purchased after June 30th.

We recommend the District review encumbrances at year end to verify they are supported by a valid commitment or purchase order.

Status: Implemented

Finding #2013-008: CASH TRANSFERS

Cash was transferred from high school and elementary general fund to elementary school food fund, which totaled \$18,621 from both elementary and high school general fund. There was also \$15,000 transferred from the high school bus depreciation fund to the elementary interlocal agreement fund. There was no public hearing held for these transfers. There was also no indication of notifying the required individuals of the transfers.

We recommend the District follow the requirements for cash transfers and hold public hearings and notify the required individuals of the transfers.

Status: Implemented

Finding #2013-009: ENROLLMENT

There is no attendance record for one kindergarten colony student during the fall and spring count. One high school student was enrolled August 27, 2012 through October 4, 2012 and withdrew October 4, 2012. This student was not counted in the fall enrollment report to OPI.

We recommend the District maintain adequate enrollment records for colony students, and verify attendance records prior to submission to OPI

Status: Implemented

SUN RIVER VALLEY PUBLIC SCHOOLS

**CASCADE COUNTY
SIMMS, MONTANA**

**STATUS OF PRIOR FINDINGS AND RESPONSES
JUNE 30, 2014**

Finding #2013-010: PRESCHOOL

The District was charging parents \$40 per child to attend pre-school. Funds were coded to the elementary miscellaneous fund, which totaled \$3,710.

We recommend the District offer a free preschool program to eligible students.

Status: Implemented

Finding #2013-011: BUS DEPRECIATION RESERVE FUND

The District's budget documentation for both the high school and the elementary does not include all buses and radios that are being depreciated and includes buses the District no longer has in their possession. Based on this information we could not determine if the amount budgeted in this fund is not more than 20% of the original cost of each bus or radio and the total amount budgeted, over time, is not more than 150% of the original cost of each bus or radio.

We recommend the District compare the buses owned by the District to the buses listed on the budget document and correct any discrepancies.

Status: Partially Implemented – see finding #2014-004

Finding #2013-012: ANNUAL VACATION LEAVE

One noncertified employee had 71.88 hours in excess of two times the maximum and did not use the excess within 90 days.

We recommend the District monitor annual vacation leave hours to determine if forfeitures should be made.

Status: Implemented

Finding #2013-013: RETIREMENT

The District was not giving the written notification to substitute teachers.

We recommend, and the District has put in service the appropriate written notifications.

Status: Implemented

SUN RIVER VALLEY PUBLIC SCHOOLS

**CASCADE COUNTY
SIMMS, MONTANA**

**STATUS OF PRIOR FINDINGS AND RESPONSES
JUNE 30, 2014**

Finding #2013-014: NEW HIRE FORMS AND REPORTING

The District did not have completed I-9's for five of the ten employees we selected for testing, and was not providing the State of Montana with the required new hire information.

We recommend the District complete the applicable reporting requirements for new employees, and complete all I-9 reporting requirements for eligible affected employees who have not completed I-9's.

Status: Implemented



Douglas **WILSON**
and Company, PC

July 13, 2015

Randal J. Boysun, CPA
Gerard K. Schmltz, CPA
Michael A. Diekhans, CPA
Myra L. Bakke, CPA

Douglas N. Wilson, CPA
Bruce H. Gaare, CPA
Dixie L. Swanson, CPA

To The Board of Trustees
Sun River Valley Public Schools
Cascade County
Simms, Montana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sun River Valley Public Schools (District) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 21, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimate of depreciation expense is based on the estimated useful lives of capital assets, and the estimated other post-employment benefit (OPEB) liability amount. We evaluated the key factors and assumptions used to develop the depreciation estimate and OPEB in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 13, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the District's management's discussion and analysis, schedule of revenues, expenditures and encumbrances – budget and actual, and the schedule of funding progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the District's schedule of enrollment, Elementary and High School statements of revenues, expenditures and changes in fund balances, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Auditing Standard Requirements

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be significant deficiencies: finding numbers 2014-001 through 2014-002.

Items Noted

Other items noted as part of the audit include the following:

- The District receives a receivable summary report from the county showing the taxes receivable amounts. Adjustments are made on the accounting records annually to record these receivable amounts. At year end June 30, 2014, there were differences between the county reports and what was reflected on the TFS of \$2,337. We recommend the District create a spreadsheet to use for this reconciliation process to verify the amounts on the TFS are supported by the county reports.
- Bus drivers are required to have 10 hours of in-service training that shall include, but not limited to: Pre and post trip inspections, passenger boarding and de-boarding procedures, driving skills, defense driving, railroad safety, passenger management, safety and emergency procedures, and special needs sensitivity and awareness. Each training opportunity for every driver must be documented and maintained by the District. A training schedule must be set per fiscal year or school year, but not both. Meetings are held with bus drivers, which count toward the 10 hours of training. Logs and support for these meetings are not kept by the District. We recommend logs be kept to support the hour requirement for bus driver training.
- Form TR-1 Combined School District Application for Registration of School Bus and State Reimbursement must be completed by the Board for each approved bus route in the district. The rated capacities as reported to OPI on two of the forms did not agree to the actual bus capacity noted on the bus. This was noted in the prior year as well for the same two buses. We recommend the District review the capacity of each route bus prior to submitting the TR-1 reports to OPI.
- District payroll reports should reconcile to District financial records. District payroll reports could not be reconciled to District financial reports, and quarterly Montana State unemployment reports could not be reconciled with Worker's Compensation reports. We noted discrepancies with these in the prior audit as well. We recommend the District reconcile wages reported on payroll employment forms to financial records on a quarterly basis.
- Adult education programs are only for students 16 years of age or older who are not regularly enrolled, full-time pupils for the purposes of ANB computation. The District could not find lists of those enrolled in the adult education classes to prove compliance with this requirement. We recommend the District keep attendance records and retain these to show compliance with this requirement.

To The Board of Trustees
Sun River Valley Public Schools
July 13, 2015
Page 5

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Sun River Valley Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Douglas Wilson & Company, P.C." The signature is written in a cursive, flowing style.

DOUGLAS WILSON & COMPANY, P.C.