

SWAN VALLEY PUBLIC SCHOOL

MISSOULA COUNTY, MONTANA

Fiscal Year Ended June 30, 2014

AUDIT REPORT

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

SWAN VALLEY PUBLIC SCHOOL

MISSOULA COUNTY, MONTANA

Fiscal Year Ended June 30, 2014

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SWAN VALLEY PUBLIC SCHOOL

MISSOULA COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2014

BOARD OF TRUSTEES

John Mercer	Chairperson
Charity Townsend	Vice Chairperson
Lonnie Casebolt	Trustee
Nathan Richardson	Trustee
Ronald Ream	Trustee

DISTRICT OFFICIALS

Chris Stout	Principal
Karen Anderson	Business Manager
Erin Lipkind	County Superintendent
Fred Van Valkenburg	County Attorney

Swan Valley Elementary School
School District #33
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The Board of Trustees and District Clerk of the Swan Valley Elementary School District have provided this MD&A to give the reader of these statements an overview of the financial position and activities of the school district for the year covered by this audit report.

Using this Financial Report

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

Reporting the School District as a Whole

One important question asked about a school district's finance. Is the District better or worse off as a result of the year's activities? The information in the district-wide financial statements helps answer this question. This report includes a Statement of Net Position and Statement of Activities that focus on operations of the district as a whole. These statements include all assets and liabilities using the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

- A. The **Statement of Net Position** shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the school district. The statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

- B. The **Statement of Activities** shows the amounts of program-specific and general school district revenues used to support the school district's various functions.

The Statement of Net Position and the Statement of Activities divide the activities of the school district into three categories. We have only one of these activities.

Governmental activities – These are school functions, including instruction, student services, administration, etc. Property taxes, state and federal revenues usually support most of these functions of the district.

Reporting the District's Most Significant Funds

The fund statements provide detailed information about the funds used by the school district. State Law and Generally Accepted Accounting Principles (GAAP) establish the fund structure of school districts. State law generally requires school districts to segregate money generated for certain specific purposes, like transportation and debt service, in separate fund accounts.

The fund statements report balances and activities of the most significant or “major” funds separately and combine the activities of less significant funds under a single category. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the school district’s operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are shown for governmental funds, such as the general fund, special revenue funds for transportation and school food service, and debt service and capital outlay funds. These funds use the modified accrual basis of accounting and represent the majority of the district’s activities and programs.

Fund statements include a reconciliation of the governmental fund statements to the district-wide statements. Most significant differences result from the use of different presentation bases. The district-wide statements are presented using the accrual basis of accounting, and the fund statements for governmental funds use the modified accrual basis. In addition, general capital assets and general long-term debt are reported in the district-wide statements but not in the fund statements.

Reporting the District’s Trust and Fiduciary Responsibilities

The district is the trustee, or fiduciary, for a student extracurricular fund, which is made up of money raised by the students and donations received for the “Discover Montana” trip, Future Problem Solving, Mathcounts, booster money, etc.

This report includes the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position, because the district cannot use these assets to fund its operations.

Net position in the student extracurricular funds are \$3,059. The district is responsible for ensuring these assets are used for their intended purpose.

Budget-to-Actual Comparisons

The budgetary comparison schedules show how actual expenditures compared to the original and final budgeted expenditures for the general fund.

The District as a Whole

Net position may serve over time as a useful indicator of a government's financial position. In school district #33, assets exceeded liabilities by \$355,565 as of June 30, 2014. Approximately 30% of the district's net position reflect its investment in capital assets (e.g. land, building/building improvements, machinery and equipment.)

The district's total revenues for the fiscal year ended June 30, 2014, were \$528,521. The total cost of all programs and services was \$521,891. The district's net position increased \$17,339. District's taxpayers paid approximately \$283,418 of the \$528,521 or approximately 54% of the revenue. The remainder was financed through operating grants and contributions, charges for services, state revenues, and investment earnings.

Analysis of Financial Information

Swan Valley School, District #33 conducts various activities including, instruction, transportation, participation in federal programs, school foods, miscellaneous programs etc.

**Swan Valley Elementary School
MD&A Comparisons
30-Jun-14**

Statement of Assets & Activities

	Governmental Activities		Change
	FY13	FY14	Inc (Dec)
Current and other assets	473,158.00	145,524.00	(327,634.00)
Capitol assets	319,352.00	338,896.00	19,544.00
Total assets	792,510.00	484,420.00	(308,090.00)
long term debt outstanding	139,467.00	128,855.00	(10,612.00)
Other liabilities			
Total Liabilities	139,467.00	128,855.00	(10,612.00)
Invested in capital assets, net of deb	319,352.00	338,896.00	19,544.00
Restricted	106,857.00	93,578.00	(13,279.00)
Unrestricted (deficit)	226,834.00	(76,909.00)	(303,743.00)
Total net position	653,043.00	355,565.00	(297,478.00)

Changes in Net Position

	Governmental Activities		Change
Revenues	FY13	FY14	Inc (Dec)
Program revenues (by major source):			
Charges for services	393.00	286.00	(107.00)
Operating grants & contributions	67,938.00	55,219.00	(12,719.00)
General revenues (by major source):			
Property taxes for general purposes	238,502.00	250,697.00	12,195.00
Grants & entitlements not restricted	145,157.00	148,710.00	3,553.00
Investment earnings	433.00	361.00	(72.00)
Miscellaneous (other revenue)	53,602.00	29,465.00	(24,137.00)
State entitlement (block grants)	10,651.00	10,431.00	(220.00)
State technology	303.00	631.00	328.00
County retirement	26,244.00	32,721.00	6,477.00
Total revenues	543,223.00	528,521.00	(14,702.00)
Program expenses			
Instructional - regular	270,945.00	194,724.00	(76,221.00)
Instructional - special education	10,838.00	35,473.00	24,635.00
Supporting services - operations & m	84,449.00	86,655.00	2,206.00
Supporting services - general	592.00		(592.00)
Supporting services - educational m	3,601.00	6,862.00	3,261.00
Administration - general	48,329.00	52,327.00	3,998.00
Administration - school	32,872.00	36,388.00	3,516.00
Student transportation	84,707.00	90,154.00	5,450.00
Extracurricular	5,079.00	6,684.00	1,605.00
School food	1,130.00	774.00	(356.00)
Unallocated depreciation	11,393.00	11,850.00	457.00
Other current charges			
Total expenses	553,935.00	521,891.00	(32,041.00)
Excess (deficiency) before special items & transfers			
Increase (decrease) in net position	(10,709.00)	6,630.00	17,339.00

Capital Assets

As of June 30, 2014, the district has invested \$338,896 capital assets including land, land improvements, buildings, machinery, and equipment, and \$145,524 in current assets such as cash and investments, taxes receivable, and inventories. Total depreciation for the year was \$11,850.

Land	\$ 475
Land Improvements	13,135
Buildings	319,960
Machinery & Equipment	<u>5,326</u>
	<u>\$338,896</u>

Debt Administration

The only long-term debt Swan Valley School District #33 had on June 30, 2014 was a compensated absence debt of \$24,604. Current debt in compensated absence was \$17,060.

The Future of Swan Valley Elementary School, District #33

The district has no plans to build or remodel as the number of students attending is not increasing. What will be done in the future is to try to maintain staff and programs at current levels and to keep the school buildings, grounds, and equipment clean and well maintained. Our staff is paid commensurate with the next year's budget, so the impact on the budget should be no more than it can handle.

Contract for Additional Information

If you have questions about this report or need additional information, please contact the District Clerk at Swan Valley Elementary School, 6423 Hwy 83, Condon, MT 59826 or call 406-754-2320.

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Swan Valley Public School
Missoula County
Condon, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Swan Valley Public School, Missoula County, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Swan Valley Public School, Missoula County, Montana, as of and for the year ended June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding for other post employment benefits other than pensions on pages 2 through 6, 31 through 33, and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying schedule of revenues and expenditures for the extracurricular fund and the schedule of enrollment are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures for the extracurricular fund and the schedule of enrollment are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015, on our consideration of the Swan Valley Public School, Missoula County, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Swan Valley Public School, Missoula County, Montana's internal control over financial reporting and compliance.

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

June 22, 2015

Swan Valley Public School, Missoula County, Montana
Statement of Net Position
June 30, 2014

		Governmental Activities
ASSETS		
Current assets:		
Cash and investments	\$	128,654
Taxes and assessments receivable, net		12,862
Due from other governments		4,008
Total current assets	\$	145,524
Noncurrent assets		
Capital assets - land	\$	475
Capital assets - depreciable, net		338,421
Total noncurrent assets	\$	338,896
Total assets	\$	484,420
LIABILITIES		
Current liabilities		
Current portion of compensated absences payable	\$	17,060
Total current liabilities	\$	17,060
Noncurrent liabilities		
Noncurrent portion of long-term liabilities	\$	104,251
Noncurrent portion of compensated absences		7,544
Total noncurrent liabilities	\$	111,795
Total liabilities	\$	128,855
NET POSITION		
Net investment in capital assets	\$	338,896
Restricted for capital projects		2,600
Restricted for debt service		7,379
Restricted for special projects		83,599
Unrestricted		(76,909)
Total net position	\$	355,565

See accompanying Notes to the Financial Statements

Swan Valley Public School, Missoula County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2014

<u>Functions/Programs</u>	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Primary government:	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Primary Government
Governmental activities:				<u>Governmental Activities</u>
Instructional - regular	\$ 194,144	\$ -	\$ 23,306	\$ (170,838)
Instructional - special education	35,473	-	10,505	(24,968)
Supporting services - operations & maintenance	86,961	219	-	(86,742)
Supporting services - educational media services	6,862	-	-	(6,862)
Administration - general	52,601	-	-	(52,601)
Administration - school	36,388	-	-	(36,388)
Student transportation	90,154	-	20,940	(69,214)
Extracurricular	6,684	-	-	(6,684)
School food	774	67	468	(239)
Unallocated depreciation*	11,850	-	-	(11,850)
Total primary government	\$ 521,891	\$ 286	\$ 55,219	\$ (466,386)
General Revenues:				
			\$	250,697
				148,710
				361
				29,465
				10,431
				631
				32,721
			\$	473,016
			\$	6,630
			\$	653,043
				(304,108)
			\$	348,935
			\$	355,565

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

Swan Valley Public School, Missoula County, Montana
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Transportation Fund</u>	<u>Miscellaneous Programs</u>	<u>Miscellaneous Trust</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Current assets:						
Cash and investments	\$ 42,662	\$ 16,246	\$ 18,986	\$ 25,636	\$ 25,124	\$ 128,654
Taxes and assessments receivable, net	9,284	3,578	-	-	-	12,862
Due from other governments	-	-	-	4,008	-	4,008
Total assets	<u>\$ 51,946</u>	<u>\$ 19,824</u>	<u>\$ 18,986</u>	<u>\$ 29,644</u>	<u>\$ 25,124</u>	<u>\$ 145,524</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	<u>\$ 9,284</u>	<u>\$ 3,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,862</u>
FUND BALANCES						
Restricted	\$ -	\$ 16,246	\$ 18,986	\$ 29,644	\$ 25,124	\$ 90,000
Assigned	580	-	-	-	-	580
Unassigned fund balance	42,082	-	-	-	-	42,082
Total fund balance	<u>\$ 42,662</u>	<u>\$ 16,246</u>	<u>\$ 18,986</u>	<u>\$ 29,644</u>	<u>\$ 25,124</u>	<u>\$ 132,662</u>

See accompanying Notes to the Financial Statements

Swan Valley Public School, Missoula County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2014

Total fund balances - governmental funds	\$	132,662
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		338,896
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		12,862
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(128,855)
Total net position - governmental activities	\$	<u>355,565</u>

See accompanying Notes to the Financial Statements

Swan Valley Public School, Missoula County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	<u>General</u>	<u>Transportation Fund</u>	<u>Miscellaneous Programs</u>	<u>Miscellaneous Trust</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local revenue	\$ 181,608	\$ 69,993	\$ 5,945	\$ 27,698	\$ 303	\$ 285,547
County revenue	-	10,470	-	-	32,721	43,191
State revenue	163,936	12,779	-	-	631	177,346
Federal revenue	-	-	22,633	-	468	23,101
Total revenues	<u>\$ 345,544</u>	<u>\$ 93,242</u>	<u>\$ 28,578</u>	<u>\$ 27,698</u>	<u>\$ 34,123</u>	<u>\$ 529,185</u>
EXPENDITURES						
Instructional - regular	\$ 119,192	\$ -	\$ 32,204	\$ 27,129	\$ 14,242	\$ 192,767
Instructional - special education	21,910	-	4,074	-	9,489	35,473
Supporting services - operations & maintenance	81,203	-	-	-	5,758	86,961
Supporting services - educational media services	6,862	-	-	-	-	6,862
Administration - general	46,533	-	-	-	6,068	52,601
Administration - school	36,388	-	-	-	-	36,388
Student transportation	-	90,154	-	-	-	90,154
Extracurricular	6,684	-	-	-	-	6,684
School food	-	-	-	-	774	774
Capital outlay	26,999	-	-	4,395	-	31,394
Total expenditures	<u>\$ 345,771</u>	<u>\$ 90,154</u>	<u>\$ 36,278</u>	<u>\$ 31,524</u>	<u>\$ 36,331</u>	<u>\$ 540,058</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (227)</u>	<u>\$ 3,088</u>	<u>\$ (7,700)</u>	<u>\$ (3,826)</u>	<u>\$ (2,208)</u>	<u>\$ (10,873)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 570	\$ 570
Transfers out	(570)	-	-	-	-	(570)
Total other financing sources (uses)	<u>\$ (570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ (797)</u>	<u>\$ 3,088</u>	<u>\$ (7,700)</u>	<u>\$ (3,826)</u>	<u>\$ (1,638)</u>	<u>\$ (10,873)</u>
Fund balances - beginning	\$ 359,556	\$ 13,158	\$ 26,686	\$ 33,470	\$ 26,762	\$ 459,632
Restatements	(316,097)	-	-	-	-	(316,097)
Fund balances - beginning, restated	<u>\$ 43,459</u>	<u>\$ 13,158</u>	<u>\$ 26,686</u>	<u>\$ 33,470</u>	<u>\$ 26,762</u>	<u>\$ 143,535</u>
Fund balance - ending	<u>\$ 42,662</u>	<u>\$ 16,246</u>	<u>\$ 18,986</u>	<u>\$ 29,644</u>	<u>\$ 25,124</u>	<u>\$ 132,662</u>

See accompanying Notes to the Financial Statements

Swan Valley Public School, Missoula County, Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$ (10,873)
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Capital assets purchased	31,394
- Depreciation expense	(11,850)

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

- Long-term receivables (deferred revenue)	(664)
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The change in compensated absences is shown as an expense in the Statement of Activities

	(1,377)
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Change in net position - Statement of Activities	\$ <u><u>6,630</u></u>
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See accompanying Notes to the Financial Statements

Swan Valley Public School, Missoula County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and short-term investments	\$ 3,059	\$ 48,347
Total assets	\$ 3,059	\$ 48,347
LIABILITIES		
Warrants payable	\$ -	\$ 48,347
Total liabilities	\$ -	\$ 48,347
NET POSITION		
Assets held in trust	\$ 3,059	

See accompanying Notes to the Financial Statements

Swan Valley Public School, Missoula County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

		<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Student activities	\$	<u>1,294</u>
Investment earnings:		
Interest and change in fair value of investments	\$	<u>9</u>
Total additions	\$	<u>1,303</u>
 DEDUCTIONS		
Student activities	\$	<u>2,261</u>
Total deductions	\$	<u>2,261</u>
Change in net position	\$	<u>(958)</u>
 Net Position - Beginning of the year	 \$	 4,017
 Net Position - End of the year	 \$	 <u>3,059</u>

See accompanying Notes to the Financial Statements

SWAN VALLEY PUBLIC SCHOOL
MISSOULA COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

Primary Government

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

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

Basis of Presentation, Measurement Focus and Basis of Accounting.

Government-wide Financial Statements:

Basis of Presentation

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

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The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. The District does not charge indirect expenses to programs or functions. The types of transactions reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) operating grants and contributions, and 3) capital grants and contributions. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. In the Statement of Activities, internal service fund transactions 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, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

Fund Financial Statements:

Basis of Presentation

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

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

Measurement Focus and Basis of Accounting

Governmental Funds

Modified Accrual

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

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

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.

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Miscellaneous Programs Fund – Authorized by Section 20-9-507, MCA, for the purpose of accounting for local, state or federal grants and reimbursements. Donations and expendable trusts for scholarships or other purposes that support district programs are deposited in this fund.

Transportation Fund – 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. The fund may be used only to support costs of home-to-school transportation.

Miscellaneous Trust Fund – This is used to account for revenues and expenditures related to miscellaneous trust-type activities where the trust agreement allows both principal and interest to be used for purposes that do not support district programs.

Fiduciary Funds

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

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

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.

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MISSOULA COUNTY, MONTANA
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June 30, 2014

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District's cash, except for the Student Extracurricular Fund (an expendable trust) is held by the County Treasurer and pooled with other County cash. School district cash which is not necessary for short-term obligations, the District participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. The County's investment portfolio as of June 30, 2014, consisted of money market accounts, certificates of deposit, repurchase agreement, federal farm credit bank notes, federal home loan bank notes, federal national mortgage association, federal home loan mortgage notes, federal agriculture mortgage corporation notes, U.S. Treasury Notes, U.S. Treasury Strips, and the State Short-Term Investment Pool (STIP).

The School District does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Missoula County deposits and investments is available from Missoula County Treasurer's office, 200 West Broadway, Missoula, MT 59802-4292. Fair value approximates carrying value for investments as of June 30, 2014.

Deposits

The District's deposit balance at year end was \$3,059 and the bank balance was \$3,059. The District's bank balance was fully insured by FDIC.

NOTE 3. RECEIVABLES

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

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

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

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 June 30, 2014

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

NOTE 4. INVENTORIES

The cost of inventory is recorded as an expenditure when purchased.

NOTE 5. CAPITAL ASSETS

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

Buildings	50 years
Improvements	15 – 50 years
Equipment	6 – 20 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the District has no infrastructure in the 2014 Basic Financial Statements. The government has elected not to retroactively report general infrastructure assets.

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

Governmental activities:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets not being depreciated:			
Land	\$ 475	\$ -	\$ 475
Other capital assets:			
Buildings	\$ 565,193	\$ 27,480	\$ 592,673
Improvements other than buildings	10,650	3,914	14,564
Machinery and equipment	16,844	-	16,844
Total other capital assets at historical cost	\$ 592,687	\$ 31,394	\$ 624,081
Less: accumulated depreciation	\$ (273,810)	\$ (11,850)	\$ (285,660)
Total	\$ 319,352	\$ 19,544	\$ 338,896

SWAN VALLEY PUBLIC SCHOOL
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 June 30, 2014

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

Governmental Activities:
 Unallocated \$ 11,850

NOTE 6. LONG TERM DEBT OBLIGATIONS

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

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

Governmental Activities:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Adjustments</u>	Balance <u>June 30, 2014</u>	Due Within <u>One Year</u>
Compensated absences	\$ 23,227	\$ 1,377	\$ -	\$ 24,604	\$ 17,060
Other post-employment benefits*	116,240	-	(11,989)	104,251	-
Total	<u>\$ 139,467</u>	<u>\$ 1,377</u>	<u>\$ (11,989)</u>	<u>\$ 128,855</u>	<u>\$ 17,060</u>

*See Note 7

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

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.

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

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NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 7. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The healthcare plan provides for, and Montana State Law (2-18-704) requires local governments to allow employees with at least 5 years of service and who are at least age 50 along with surviving spouses and dependents to stay on the government's health care plan as long as they pay the same premium. Since retirees are usually older than the average age of the plan participants they receive a benefit of lower insurance rates. This benefit is reported as the Other Post Employment Benefits (OPEB) liability. The government has less than 100 plan members and thus qualifies to use the "Alternative Measurement Method" for calculating the liability. The above described OPEB plan does not provide a stand-alone financial report.

Funding Policy. The government pays OPEB liability costs on a pay-as-you-go basis. A trust fund for future liabilities has not been established.

Funding Status and funding Progress. The funded status of the plan as of June 30, 2014, was as follows:

Actuarial Accrued Liability (AAL)	\$	104,251
Actuarial value of plan assets		-
		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	104,251
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	228,805
UAAL as a percentage of covered payroll		45.56%

Annual OPEB Cost and Net OPEB Obligation. The government's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameter of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the government's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the government's net OPEB obligation.

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June 30, 2014

Annual Required Contribution (ARC)	\$	-
Interest on net OPEB obligation		-
Adjustment to ARC		-
Annual OPEB cost (expense)	\$	-
Contributions made		-
Decrease in net OPEB obligation	\$	-
Net OPEB obligation - beginning of year		116,240
Restatement		(11,989)
Net OPEB obligation – beginning of year restated		104,251
Net OPEB obligation - end of year	\$	104,251

Actuarial Methods and Assumptions. The following actuarial methods and assumptions were used:

Actuarial cost method	Unit Credit Cost Method
Average age of retirement (based on historical data)	62
Discount rate (average anticipated rate)	2.65%
Average salary increase (Consumer Price Index)	2.80%

Health care cost rate trend (Federal Office of the Actuary)

<u>Year</u>	<u>% Increase</u>
2014	7.8%
2015	6.4%
2016	6.2%
2017	6.0%
2018	6.4%
2019	6.8%
2020	6.9%
2021	6.7%
2022 and after	6.9%

SWAN VALLEY PUBLIC SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

Interfund Transfers

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

<u>Purpose</u>	<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Fund compensated absences liability	Compensated Absences – Nonmajor Governmental	General – Major Governmental	\$ <u>570</u>

NOTE 9. STATE-WIDE RETIREMENT PLANS

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

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

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

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

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

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

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

SWAN VALLEY PUBLIC SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2014

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

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

	<u>PERS</u>	<u>TRS</u>
2012	\$ 4,869	\$ 9,538
2013	\$ 7,291	\$ 16,240
2014	\$ 5,764	\$ 10,843

NOTE 10. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

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

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

Restricted Fund Balance

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Transportation	\$ 16,246	Student transportation services
Miscellaneous Programs	18,986	Third party grantor requirements
Miscellaneous Trust	29,644	Third party grantor requirements
All Other Aggregate	22	School food services
	10,688	Employer costs of benefits
	7,379	Debt service
	4,435	Instruction-regular services
	<u>2,600</u>	Capital projects
Total	<u>\$ 90,000</u>	

Other Significant Commitments

Encumbrances

<u>Fund</u>	Amount of
General	<u>Encumbrance</u>
	\$ <u>580</u>

SWAN VALLEY PUBLIC SCHOOL
MISSOULA COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 11. RESTATEMENTS

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

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
General	\$ (316,097)	Inventory adjustment
Governmental Activities	<u>11,989</u>	OPEB adjustment
	<u>\$ (304,108)</u>	

NOTE 12. JOINT VENTURES

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

The District is a member of the Missoula Area Cooperative. The Cooperative is comprised of 17 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 administer the Cooperative. The County Superintendent of Schools is the prime fiscal agent.

The District is a member of the Missoula Area Curriculum Consortium. The Consortium is comprised of 18 member districts, each of which contributes to the operating costs of the Consortium based on the benefits derived from the services. One representative from each District shall serve on the board. Lolo School District is the prime fiscal agent.

NOTE 13. SERVICES PROVIDED BY OTHER GOVERNMENTS

County Provided Services

The District is provided various financial services by Missoula County. The County also serves as cashier and treasurer for the District for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in the County. The collections made by the County on behalf of the District are accounted for in an agency fund in the District's name and are periodically remitted to the District by the County Treasurer. No service charges have been recorded by the District or the County.

SWAN VALLEY PUBLIC SCHOOL
MISSOULA COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 14. RISK MANAGEMENT

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

Insurance Policies:

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

**REQUIRED SUPPLEMENTAL
INFORMATION**

Swan Valley Public School, Missoula County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

	General			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS (BUDGETARY BASIS) See Note A	WITH FINAL BUDGET
RESOURCES (INFLOWS):				
Local revenue	\$ 180,352	\$ 180,352	\$ 181,601	\$ 1,249
County revenue	-	-	-	-
State revenue	163,936	163,936	163,936	-
Federal revenue	-	-	-	-
Amounts available for appropriation	\$ 344,288	\$ 344,288	\$ 345,537	\$ 1,249
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ 135,488	\$ 135,488	\$ 119,192	\$ 16,296
Instructional - special education	10,140	10,140	21,910	(11,770)
Supporting services - operations & maintenance	76,382	76,382	81,509	(5,127)
Supporting services - educational media services	3,950	3,950	6,862	(2,912)
Administration - general	79,235	79,235	46,807	32,428
Administration - school	1,487	1,487	36,388	(34,901)
Student transportation	-	-	-	-
Extracurricular	6,881	6,881	6,684	197
Capital outlay	35,005	35,005	26,999	8,006
Total charges to appropriations	\$ 348,568	\$ 348,568	\$ 346,351	\$ 2,217
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (570)	\$ (570)
Total other financing sources (uses)	\$ -	\$ -	\$ (570)	\$ (570)
Net change in fund balance			\$ (1,384)	
Fund balance - beginning of the year			\$ 356,399	
Restatements			(316,097)	
Fund balance - beginning of the year - restated			\$ 40,302	
Fund balance - end of the year			\$ 38,918	

Swan Valley Public School, Missoula County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

	Transportation Fund			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS (BUDGETARY BASIS) See Note A	WITH FINAL BUDGET
RESOURCES (INFLOWS):				
Local revenue	\$ 69,684	\$ 69,684	\$ 69,993	\$ 309
County revenue	11,094	11,094	10,470	(624)
State revenue	13,404	13,404	12,779	(625)
Federal revenue	-	-	-	-
Amounts available for appropriation	\$ 94,182	\$ 94,182	\$ 93,242	\$ (940)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ -	\$ -	\$ -	\$ -
Instructional - special education	-	-	-	-
Supporting services - operations & maintenance	-	-	-	-
Supporting services - educational media services	-	-	-	-
Administration - general	-	-	-	-
Administration - school	-	-	-	-
Student transportation	94,182	94,182	90,154	4,028
Extracurricular	-	-	-	-
Capital outlay	-	-	-	-
Total charges to appropriations	\$ 94,182	\$ 94,182	\$ 90,154	\$ 4,028
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balance			\$ 3,088	
Fund balance - beginning of the year			\$ 13,158	
Restatements			-	
Fund balance - beginning of the year - restated			\$ 13,158	
Fund balance - end of the year			\$ 16,246	

Swan Valley Public School, Missoula County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

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

	General	Transportation Fund
Sources/Inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 345,537	\$ 93,242
Combined funds (GASBS 54) revenues	7	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	\$ 345,544	\$ 93,242
Uses/Outflows of resources		
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 346,351	\$ 90,154
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. - Encumbrances reported at the end of the year	(580)	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 345,771	\$ 90,154

Note B

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

Swan Valley Public School, Missoula County, Montana
REQUIRED SUPPLEMENTAL INFORMATION
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/(c))
July 1, 2009	\$ -	\$ 136,130	\$ 136,130	0%	\$ 246,877	55.1%
July 1, 2012	\$ -	\$ 104,251	\$ 104,251	0%	\$ 228,805	45.6%

SUPPLEMENTAL INFORMATION

Swan Valley Public School
Missoula County, Montana
SCHEDULE OF ENROLLMENT
For the Fiscal Year Ended June 30, 2014

Fall Enrollment - October, 2013

Elementary School District

	FALL		
	Per Enrollment	Audit Per	Difference
	<u>Reports</u>	<u>District Records</u>	
Kindergarten Full	2	2	0
Kindergarten Part	0	0	0
Grades 1-6	16	16	0
Grades 7-8	7	7	0
Total Elementary	25	25	0

Part-time Students

Grade	Per Enrollment Reports				Audit per District Records				Difference
	< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
Kinder - Full	0	0	0	0	0	0	0	0	0
Kinder - Part	0	0	N/A	N/A	0	0	N/A	N/A	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	0	0	0	0	0	0	0

Winter Enrollment - December, 2013

Elementary School District

	WINTER		
	Per Enrollment	Audit Per	Difference
	<u>Reports</u>	<u>District Records</u>	
Kindergarten Full	2	2	0
Kindergarten Part	0	0	0
Grades 1-6	15	15	0
Grades 7-8	7	7	0
Total Elementary	24	24	0

Part-time Students

Grade	Per Enrollment Reports				Audit per District Records				Difference
	< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
Kinder - Full	0	0	0	0	0	0	0	0	0
Kinder - Part	0	0	N/A	N/A	0	0	N/A	N/A	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	0	0	0	0	0	0	0

Spring Enrollment - February, 2014

Elementary School District

	SPRING		
	Per Enrollment	Audit Per	Difference
	<u>Reports</u>	<u>District Records</u>	
Kindergarten - Full	2	2	0
Kindergarten - Part	0	0	0
Grades 1-6	15	15	0
Grades 7-8	7	7	0
Total Elementary	24	24	0

Part-time Students

Grade	Per Enrollment Reports				Audit per District Records				Difference
	< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
Kinder - Full	0	0	0	0	0	0	0	0	0
Kinder - Part	0	0	N/A	N/A	0	0	N/A	N/A	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	0	0	0	0	0	0	0

Swan Valley Public School, Missoula County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
 Fiscal Year Ended June 30, 2014

FUND ACCOUNT	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
7th and 8th Grade	\$ 4,016	\$ 1,304	\$ 2,261	\$ 3,059
Total	<u>\$ 4,016</u>	<u>\$ 1,304</u>	<u>\$ 2,261</u>	<u>\$ 3,059</u>

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

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

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

Board of Trustees
Swan Valley Public School
Missoula County
Condon, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Swan Valley Public School, Missoula County, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Swan Valley Public School's basic financial statements and have issued our report thereon dated June 22, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Swan Valley Public School, Missoula County, Montana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Swan Valley Public School, Missoula County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Swan Valley Public School's internal control over financial reporting.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies 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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below that we consider a significant deficiency listed as item 2014-001.

2014-001 Internal Controls Within the Accounting Function

Condition:

The District Clerk performs a great majority of duties within the accounting function with no segregation of duties in the receipting functions.

Context:

We reviewed the procedures for cash receipting.

Criteria:

A good system of internal control provides for proper segregation of duties within the accounting function. Proper internal control over cash receipts requires that the duties of receiving cash, recording cash receipts, and having custody of cash should be assigned the different individuals. Someone other than the person receipting should be making the bank deposits.

Effect:

There is an internal control weakness in that one person has control over the entire cash handling process.

Cause:

This is a small office where segregation of duties is difficult to achieve.

Recommendation:

We recommend the District segregate cash/check receipting duties to the extent possible.

Auditee Response:

The District will segregate cash/check receipting duties to the extent possible.

Compliance and Other Matters

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

Swan Valley Public School's Response to Findings

Swan Valley Public School's response to the findings identified in our audit is described above. Swan Valley Public School's response was not subject 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 compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 22, 2015

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

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

REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS

Board of Trustees
Swan Valley Public School
Missoula County
Condon, Montana

The prior audit report contained one recommendation. The action taken on each recommendation is as follows:

<u>Recommendation</u>	<u>Action Taken</u>
Segregation of Duties	Repeated

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

June 22, 2015