

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA

Fiscal Year Ended June 30, 2014

AUDIT REPORT

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

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA

Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS

Organization	1
Management Discussion and Analysis	2-9
Independent Auditor’s Report	10-12
Financial Statements	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	13
Statement of Activities	14
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Fiduciary Fund Types	19
Statement of Changes in Net Position - Fiduciary Fund Types	20
Notes to Financial Statements	21-34
Required Supplemental Information	
Budgetary Comparison Schedule	35
Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation	36
Schedule of Funding Progress – Other Post Employment Benefits Other Than Pensions	37
Supplemental Information	
Schedule of Enrollment	38-40
Schedule of Revenues and Expenditures – Extracurricular Fund – All Fund Accounts	41
Single Audit Section	
Schedule of Expenditures of Federal Awards	42
Notes to the Schedule of Expenditures of Federal Awards	43
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	44-45

WOLF POINT PUBLIC SCHOOLS

ROOSEVELT COUNTY, MONTANA

TABLE OF CONTENTS - Continued

Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	46-47
Schedule of Findings and Questioned Costs	48-51
Report on Prior Audit Recommendations	52

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2014

BOARD OF TRUSTEES

Martin DeWitt
Jaronn Boysun
Tracy Juve-Miranda
Janice Wemmer-Kegley
Brent Nygard
Edward Bach

Chairperson
Vice Chairperson
Trustee
Trustee
Trustee
Trustee

DISTRICT OFFICIALS

Joseph Paine
Naomi Erickson
Cheri' Nygard
Jeri Toavs
Ralph J. Patch

District Superintendent
Secretary of the Board
Business Manager
County Superintendent
County Attorney

Wolf Point School District 45-45A
Roosevelt County
Wolf Point, Montana

MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2014

The Business Manager of the Wolf Point School District has 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 fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

In 2013-2014, the Wolf Point Elementary School utilized the flexible non-voted levy authority allowed by Senate Bill 175. This allowed the Elementary General Fund budget a \$78,639 increase of the over-BASE budget. The flexible non-voted levy authority was not utilized in the High School. The ongoing authority for any non-voted increase in the over-BASE budget levy imposed must be decreased in future years to the extent that non-voted property taxes increase.

The district was also able to transfer funds authorized by Senate Bill 348 – Providing for an act for Montana School Safety. With these funds, the district was able to update the district’s alarm system and install a new door access locking system on the Northside School North Door.

The Wolf Point School District has been successful in building their reserves for the third year in a row. This may be attributed to utilizing flexible spending authority, reducing staff and programs, grant opportunities and being mindful of capital and operational purchases. The district has endured three years of staff and program cuts throughout the district.

	Elem Impact Aid	Elem Inc/(Dec)	HS Impact Aid	HS Inc/(Dec)	Overall Reserves	Overall Inc/(Dec)
2001-2002	\$ 5,944,647		\$ 927,469		\$ 6,872,116	
2002-2003	\$ 6,048,595	1.72%	\$ 1,265,237	26.70%	\$ 7,313,833	6.04%
2003-2004	\$ 5,782,690	-4.60%	\$ 1,567,167	19.27%	\$ 7,349,857	0.49%
2004-2005	\$ 5,479,600	-5.53%	\$ 1,964,797	20.24%	\$ 7,444,397	1.27%
2005-2006	\$ 5,340,007	-2.61%	\$ 2,023,303	2.89%	\$ 7,363,310	-1.10%
2006-2007	\$ 5,360,084	0.37%	\$ 1,751,360	-15.53%	\$ 7,111,443	-3.54%
2007-2008	\$ 4,876,355	-9.92%	\$ 1,748,104	-0.19%	\$ 6,624,458	-7.35%
2008-2009	\$ 4,222,761	-15.48%	\$ 1,684,902	-3.75%	\$ 5,907,662	-12.13%
2009-2010	\$ 3,112,313	-35.68%	\$ 1,286,857	-30.93%	\$ 4,399,169	-34.29%
2010-2011	\$ 1,669,937	-86.37%	\$ 1,152,473	-11.66%	\$ 2,822,409	-55.87%
2011-2012	\$ 1,704,440	2.02%	\$ 1,487,514	22.52%	\$ 3,191,954	11.58%
2012-2013	\$ 2,279,624	25.23%	\$ 1,507,438	1.32%	\$ 3,787,062	15.71%
2013-2014	\$ 2,497,493	8.72%	\$ 1,541,030	2.18%	\$ 4,038,524	6.23%

In May 2014, the district made several tough decisions for cost savings to the district after a well-attended finance committee meeting to discuss and view the upcoming budget. The bare minimum continues to be the operating undertone. Also, many classrooms are at the state maximum classroom load as the effort to reduce staffing and operating costs continues.

In 2013-2014 the district had an enrollment decrease of six (6) in the Elementary, no change in the Junior High and a decrease of twenty-four (24) in the High School. Both state and federal funding are based on enrollment and any time enrollment decreases, state and federal funding goes down and vice versa. Enrollment numbers are taken from the Preliminary Budget Data Sheets and is an average of the three enrollment counts.

Wolf Point School District Enrollment History

	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
K - 6th	447	450	448	469	459	448	503	492	482	476
7th - 8th	138	140	146	126	101	118	121	117	135	135
9th - 12th	299	283	260	264	282	260	254	231	230	206
TOTAL	884	873	854	859	842	826	878	840	847	817

In April of 2014, the school district received news from MUST that the school’s insurance premiums would have a zero increase for the 2014-2015 school year.

The district lost an American Civil Liberties Union lawsuit that accused the district of unfair voting districts. The judge found that the Plaintiffs were entitled to attorneys’ fees and costs by statute. The Roosevelt County and Wolf Point School District split the \$135,921 in fees and costs. This was paid in July 2014, but was recorded as a liability to the 2013-2014 Impact Aid funds.

The General Fund Year End Balances continue to fluctuate very little from year to year as we have been able to save enough for a 10% maximum reserve and then each year we spend all General Fund monies on salaries and operating expenses. The district has also been able to transfer excess Oil & Gas money from the General Fund to the Flexibility Funds in which the money can be carried over from year to year.

USING THIS FINANCIAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements provide information about the activities of the government as a whole and present a longer-term view of the finances. For governmental activities, fund statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the government’s operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the government acts solely as a trustee or agent for the benefit of those outside of the government.

THE DISTRICT AS A WHOLE

An important question to be asked is, “Is the District better or worse off as a result of the year’s activities?” The information in the governmental-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the District’s financial health is improving or deteriorating. However, other non-financial factors should be considered in assessing the District’s overall health, such as changes in legislative mandates, changes in enrollment, changes in the State’s funding of educational costs, changes in the economy, changes in the District’s tax base, etc.

The report includes two district-wide statements that focus on operations of the district as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and using the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

A. The **Statement of Net Position** (page 13) 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** (page 14) 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:

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

Fiduciary activities – The district is the trustee, or fiduciary, for the student extracurricular fund. This report includes the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position (pages 19 and 20 because the district cannot use these assets to fund its operations. The district is responsible for ensuring these assets are used for their intended purpose.

Component units – The district has no component units.

The District’s net position were as follows:

	<u>FY14</u>	<u>FY13</u>	<u>Change Inc (Dec)</u>
Current and other assets	\$ 6,867,704	\$ 6,583,314	\$ 284,390
Capital assets	4,326,750	4,349,650	(22,900)
Total assets	<u>\$ 11,194,454</u>	<u>\$ 10,932,964</u>	<u>\$ 261,490</u>
Long-term debt outstanding	\$ 2,598,889	\$ 2,107,360	\$ 491,529
Other liabilities	68,794	384,715	34,079
Total liabilities	<u>\$ 2,667,683</u>	<u>\$ 2,142,075</u>	<u>\$ 525,608</u>

Net position:

Net investment in capital assets	4,262,575	4,291,681	(29,106)
Restricted and unrestricted	4,218,306	4,499,208	(280,902)
Total net position	<u>\$ 8,480,881</u>	<u>\$ 8,790,889</u>	<u>\$ (310,008)</u>

Net position may serve over time as a useful indicator of a government's financial position. In our District, assets exceed liabilities by \$8,480,881 as of June 30, 2014. More than half of the District's net position reflect its investment in capital assets (e.g. land, land improvements, building and improvements, machinery and equipment and construction in progress).

The following table shows the change in net position by breaking out the expenses by function and revenues by source of income. In a traditional accounting spreadsheet you might see the expenses delineated by department or by type of expenditure such as salary, overhead, etc. In school accounting, the delineation is by student, administration, food services, etc. and the terms used are function and program.

The District's revenues and expenses were as follows:

	Governmental Activities		Change
	<u>FY14</u>	<u>FY13</u>	<u>Inc (Dec)</u>
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 22,334	\$ 23,905	\$ (1,571)
Operating grants and contributions	2,525,551	2,886,553	(361,002)
Capital grants and contributions	54,041	-	54,041
<i>General revenues (by major source):</i>			
Property taxes for general purposes	\$ 1,134,223	\$ 1,039,465	94,758
Grants and entitlements not restricted to specific programs	6,279,563	6,212,700	66,863
Other state grants	4,607	89,308	(84,701)
Investment earnings	9,191	13,432	(4,241)
Miscellaneous (other revenue)	4,770	40,747	(35,977)
State entitlement (block grants)	164,289	173,793	(9,504)
State technology	11,737	6,240	5,497
County retirement	950,042	554,913	395,129
Total revenues	<u>\$ 11,160,348</u>	<u>\$ 11,041,056</u>	<u>\$ 119,292</u>
Program expenses			
Instructional - regular	\$ 5,888,824	\$ 5,330,489	\$ 558,335
Instructional - special education	669,102	788,093	(118,991)
Instructional - vocational education	1,642	27,781	(26,139)
Instructional - adult education	-	11,777	(11,777)
Supporting services - operations & maintenance	1,152,313	1,046,605	105,708
Supporting services - general	417,113	585,665	(168,552)
Supporting services-educational media services	739,967	739,705	262
Administration - general	443,681	325,819	117,862

Administration - school	585,065	619,967	(34,902)
Administration - business	582,387	539,676	42,711
Student transportation	258,971	239,811	19,160
Extracurricular	268,031	321,398	(53,367)
School food	462,780	163,432	299,348
Community services	-	275,608	(275,608)
Debt service expense - principal	-	-	-
Debt service expense - interest	480	1,087	(607)
Total expenses	<u>\$ 11,470,356</u>	<u>\$ 11,016,913</u>	<u>\$ 453,443</u>
Increase (decrease) in net position	<u>\$ (310,008)</u>	<u>\$ 24,143</u>	<u>\$ (334,151)</u>

In 2011-2012, the district was awarded a three-year Montana Striving Readers Project Grant to advance literacy skills, reading and writing for students from early childhood through grade 12. The Office of Public Instruction is using the grant to improve school readiness and success from early childhood through grade 12 in the area of language and literacy development with an emphasis in closing the achievement gaps among all student groups including low-income students, students with disabilities, American Indian students and limited-English proficient students. In 2012-2013 Wolf Point Public Schools was awarded \$874,101 and \$221,258 in reallocated monies and in 2013-2014 Wolf Point Public School was awarded \$758,464 and \$216,478 in reallocated monies towards their Striving Readers grant.

In 2013-2014, the district was awarded an Oil & Natural Gas Impact Grant of \$69,955 to upgrade the Southside School's surveillance system to increase the safety of staff and students and to help reduce the costs of vandalism.

In 2013-2014, the district was awarded a Quality School Planning Grant of \$16,500 to obtain a preliminary engineering report to study storm water drainage at the junior high/high school parking lot.

The District is eligible to participate in the E-rate or, more precisely, the Schools and Libraries Universal Service Support Mechanism – which provides discounts to assist schools and libraries in the United States to obtain affordable telecommunications and Internet access. With these monies, we are able to provide discounted communications equipment and service for a computer network with internet access to students and staff.

Title VII – Indian Education is designed for the purpose of supporting the efforts of local educational agencies to meet the unique educational and culturally related academic needs of American Indian students, so that such students can meet the same challenging State student academic achievement standards as all other students are expected to meet. The District works with the Indian Education Committee to pay for the cost of Preschool Program staff, Breakfast Buddies Program, Elementary Native Language After-School Program, staff professional development and a High School Credit Recovery Project.

The Title I program authorizes Federal aid to state and local educational agencies for helping educationally disadvantaged children achieve to the same high state academic achievement standards as all other students. The Wolf Point School District has an approved Title I schoolwide program. A schoolwide program permits a school to use funds from Title I, Part A and other Federal education program funds and resources to upgrade the entire educational

program of the school in order to raise academic achievement for all the students. The District Administration and School Improvement Planning teams work closely to identify areas that need resources to raise academic achievement. They also look at CRT results and work closely with reading and math consultants to identify needs.

Impact Aid is a Federal formula grant program designed to assist school districts that have been affected by the presence of federal activities. These school districts have lost part of their local property tax base because of federal activities that cause real property to be exempt from taxation or are burdened by the presence of significant numbers of federally-connected children.

The Johnson O'Malley grant from the Fort Peck Tribes provides supplementary financial assistance to meet the unique and specialized educational needs of Indian children. The Wolf Point Indian Education Committee oversees the JOM grant and sets the budget annually at a meeting of the committee.

County and State Transportation funds provide reimbursement funding for school bus equipment and operation.

District property taxes increased in both the Elementary and High School while the district's taxable valuation decreased in both the Elementary and High School districts.

<u>ELEMENTARY</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
General Fund 101	\$ 249,472	\$ 255,325	\$ 281,422	\$ 253,147	\$ 260,665	\$ 335,996
Transp Fund 110	\$ 219,506	\$ 87,631	\$ 33,999	\$ 61,635	\$ 102,886	\$ 55,017
Bus Depr Fund 111	\$ 9,313	\$ 35,838	\$ 39,371	\$ 39,371	\$ 31,779	\$ 56,744
TOTAL TAX	\$ 478,291	\$ 378,793	\$ 354,792	\$ 354,153	\$ 395,330	\$ 447,757
District Taxable Value	\$ 3,669,695	\$ 3,606,234	\$ 3,639,210	\$ 3,792,165	\$ 3,790,999	\$ 3,664,964
<u>HIGH SCHOOL</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
General Fund 201	\$ 571,852	\$ 533,576	\$ 544,548	\$ 522,533	\$ 534,507	\$ 526,204
Transp Fund 210	\$ 94,964	\$ 38,988	\$ 13,292	\$ 20,258	\$ 44,287	\$ 26,700
Bus Depr Fund 211	\$ 14,660	\$ 76,794	\$ 76,183	\$ 50,634	\$ 51,531	\$ 91,247
Adult Ed Fund 217	\$ 21,677	\$ 7,577	\$ 9,821	\$ 21,394	\$ 13,552	\$ 17,169
Bldg Reserve Fund 261	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -
TOTAL TAX	\$ 713,153	\$ 666,935	\$ 643,844	\$ 614,819	\$ 643,877	\$ 661,322
District Taxable Value	\$ 6,736,824	\$ 6,262,812	\$ 6,709,145	\$ 6,985,016	\$ 7,155,858	\$ 7,071,407

The Montana Office of Public Instruction administers the distribution of state equalization aid including funding for Special Education, school facilities payments, and guaranteed tax base aid (GTB). Direct State Aid is an entitlement to the district based on average number belonging (ANB). State Special Education Funding (AKA Special Ed Allowable Cost Funding) is a block grant to our school district to provide a special education program, and is also based on average number belonging (ANB). Guaranteed Tax Base Aid (GTB) is monies that the State guarantees every dollar of the BASE budget that the district must fund locally. In FY 2013-2014 there was \$21.73 of taxable valuation at the elementary level and \$39.68 at the high school level to fund that budget and the levels are recalculated each year. State Technology "Grants" (AKA Technology Timber money) are an entitlement for all school districts based on the ratio of district BASE budget to the total of BASE budgets statewide. The amount is small for our district and some years there is no funding available for distribution.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant of the District's funds. The District 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 and revenues, or expenditures exceed 10% of total governmental fund assets. For the 2013-2014 fiscal year, the assets for the General Funds, Miscellaneous Programs Funds (which accounts for the federal and state grants), and the Impact Aid Funds all exceeded the 10% threshold.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District had a \$271,977 increase in capital asset activity after construction-in-progress, additions, reclassifications and deletions.

The following construction in-progress, additions and deletions were made to capital assets in 2013-2014:

- The district purchased a Camera System for the Southside School from the Oil & Natural Gas Impact Grant. This was construction-in-progress of \$46,582 at June 30, 2014.
- The Southside & Northside Elementary Schools purchased an installed fiber network line from Nemont, Inc. from the Montana Striving Readers Project Grant. This was construction in progress of \$30,946 at June 30, 2014.
- The Junior High/High School purchased a parking lot overlay from the Building Reserve Fund with Safety Transfer money from and Capital Investment & Deferred Maintenance Grant. This was construction in progress of \$8,393 at June 30, 2014.
- The district purchased an Alarm System upgrade from the Building Reserve Fund with Safety Transfer money from the Elementary Tuition Fund and the High School Bus Depreciation Fund. This was construction in progress of \$42,092 in the Elementary and \$9,260 in the High School.
- In August 2013, the Southside School purchased an IT Room AC Unit for \$13,050 from the Deferred Maintenance & Energy Efficiency Grant and the Elementary Technology Fund.
- In September 2013, the Junior High/High School purchased 55 printers & monitors and 35 printers for \$54,208 from the Montana Striving Readers Project Grant.
- In September 2013, the Junior High/High School purchased 3 SmartBoards with Projectors for \$15,746 from the Montana Striving Readers Project Grant.
- In December 2013, the Southside School purchased a lab of 35 computers, printers and monitors for \$36,042 from the Montana Striving Readers Project Grant.
- In December 2013, the Northside School purchased 2 HP Laserjet Printers with Stapler/Stackers for \$21,292 from the Montana Striving Readers Project Grant.
- In March 2014, the High School purchased 24 Dell Touch Monitors for the Business Lab for \$24,229 from the Montana Striving Readers Project Grant.
- In May 2014, the Southside School purchased 3 SmartBoards with Projectors for \$21,488 from the Montana Striving Readers Project Grant.
- In May 2014, the Northside School purchased 20 tables for \$4,340 from the Elementary Impact Aid Fund.

In Fiscal Year 2005, the school district borrowed \$400,000 from the Board of Investments to replace the boiler at the Junior High/High School building. At June 30, 2014, the District had an \$18,285 outstanding loan balance. The final payment for this loan will be August 2014. This loan payment is provided by general fund and federal impact aid program monies. In addition, the District has \$263,906 in outstanding compensated absences payable.

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

Land	\$ 254,535
Construction-in-progress	\$ 85,922
Buildings & Improvements	\$7,172,908
Machinery & Equipment	<u>\$2,182,861</u>
TOTAL	<u>\$9,696,226</u>

Total depreciation expense for the year was \$340,767.

THE FUTURE OF THE DISTRICT

As with any school, enrollment and spending level fluctuations greatly impact the financial well-being of the school. The District continues to seek grants to supplement the general fund budgets to be able to offer additional academic programs and materials. The District is working hard to attain high-quality education standards for our staff and students. The District will also continue to monitor the budget closely to ensure that our spending levels do not exceed revenues or remain within close proximity.

CONTACT FOR ADDITIONAL INFORMATION

If you have questions about this report or need additional information, contact the Business Manager at the Wolf Point School District, 213 6th Avenue South, Wolf Point, MT 59201, 406-653-2361.

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

1740 U.S. Hwy 93 South - Suite 101 Kalispell, MT 59901

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Wolf Point Public Schools
Roosevelt County
Wolf Point, 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 Wolf Point Public Schools, Roosevelt 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 Wolf Point Public Schools, Roosevelt County, Montana, as of and for the year ended June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the District implemented GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*, which 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.

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 9, 35 through 36, and 37 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 expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying schedule of revenues and expenditures for the extracurricular fund, the schedule of enrollment and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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, the schedule of enrollment and schedule of expenditures of federal awards is 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 January 23, 2015, on our consideration of the Wolf Point Public Schools, Roosevelt 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 Wolf Point Public Schools, Roosevelt County, Montana's internal control over financial reporting and compliance.

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

January 23, 2015

Wolf Point Public Schools, Roosevelt County, Montana
Statement of Net Position
June 30, 2014

		Governmental Activities
ASSETS		
Current assets:		
Cash and investments	\$	6,566,824
Taxes and assessments receivable, net		70,715
Due from other governments		230,165
Total current assets	\$	6,867,704
Noncurrent assets		
Capital assets - land	\$	254,535
Capital assets - construction in progress		85,922
Capital assets - depreciable, net		3,940,403
Total noncurrent assets	\$	4,280,860
Total assets	\$	11,148,564
LIABILITIES		
Current liabilities		
Accounts payable	\$	68,794
Current portion of long-term capital liabilities		18,285
Current portion of compensated absences payable		63,071
Total current liabilities	\$	150,150
Noncurrent liabilities		
Noncurrent portion of long-term liabilities	\$	2,316,698
Noncurrent portion of compensated absences		200,835
Total noncurrent liabilities	\$	2,517,533
Total liabilities	\$	2,667,683
NET POSITION		
Net investment in capital assets	\$	4,262,575
Restricted for capital projects		871,507
Restricted for debt service		36,849
Restricted for special projects		937,599
Unrestricted		2,372,351
Total net position	\$	8,480,881

See accompanying Notes to the Financial Statements

Wolf Point Public Schools, Roosevelt County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Changes in Net Position</u>
<u>Primary government:</u>		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Primary Government</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
Instructional - regular	\$ 5,888,824	\$ 3,300	\$ 1,326,878	\$ -	\$ (4,558,646)
Instructional - special education	669,102	-	414,595	-	(254,507)
Instructional - vocational education	1,642	-	-	-	(1,642)
Supporting services - operations & maintenance	1,152,313	-	-	54,041	(1,098,272)
Supporting services - general	417,113	-	49,469	-	(367,644)
Supporting services - educational media services	739,967	-	410,594	-	(329,373)
Administration - general	443,681	-	-	-	(443,681)
Administration - school	585,065	-	-	-	(585,065)
Administration - business	582,387	-	-	-	(582,387)
Student transportation	258,971	-	36,500	-	(222,471)
Extracurricular	268,031	-	-	-	(268,031)
School food	462,780	19,034	287,515	-	(156,231)
Debt service expense - interest	480	-	-	-	(480)
Total primary government	\$ <u>11,470,356</u>	\$ <u>22,334</u>	\$ <u>2,525,551</u>	\$ <u>54,041</u>	\$ <u>(8,868,430)</u>
General Revenues:					
Property taxes for general purposes				\$	1,134,223
Grants and entitlements not restricted to specific programs					6,279,563
Other state grants					4,607
Investment earnings					9,191
Miscellaneous (other revenue)					4,770
State entitlement (block grants)					164,289
State technology					11,737
County retirement					950,042
Total general revenues, special items and transfers				\$	<u>8,558,422</u>
Change in net position				\$	<u>(310,008)</u>
Net position - beginning				\$	8,790,889
Net position - end				\$	<u>8,480,881</u>

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

Wolf Point Public Schools, Roosevelt County, Montana
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Elementary Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Current assets:				
Cash and investments	\$ 4,963,809	\$ (43,034)	\$ 1,646,049	\$ 6,566,824
Taxes and assessments receivable, net	57,939	-	12,776	70,715
Due from other governments	-	230,165	-	230,165
Total current assets	<u>\$ 5,021,748</u>	<u>\$ 187,131</u>	<u>\$ 1,658,825</u>	<u>\$ 6,867,704</u>
Total assets	<u>\$ 5,021,748</u>	<u>\$ 187,131</u>	<u>\$ 1,658,825</u>	<u>\$ 6,867,704</u>
Current liabilities:				
Accounts payable	\$ 68,794	\$ -	\$ -	\$ 68,794
Total liabilities	<u>\$ 68,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,794</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	\$ 57,939	\$ -	\$ 12,776	\$ 70,715
Total deferred inflows of resources	<u>\$ 57,939</u>	<u>\$ -</u>	<u>\$ 12,776</u>	<u>\$ 70,715</u>
FUND BALANCES				
Restricted	\$ -	\$ 187,131	\$ 1,646,049	\$ 1,833,180
Unassigned fund balance	4,895,015	-	-	4,895,015
Total fund balance	<u>\$ 4,895,015</u>	<u>\$ 187,131</u>	<u>\$ 1,646,049</u>	<u>\$ 6,728,195</u>

See accompanying Notes to the Financial Statements

Wolf Point Public Schools, Roosevelt County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2014

Total fund balances - governmental funds	\$	6,728,195
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,280,860
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.		70,715
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(2,598,889)
Total net position - governmental activities	\$	<u>8,480,881</u>

See accompanying Notes to the Financial Statements

Wolf Point Public Schools, Roosevelt 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>Elementary Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local revenue	\$ 967,663	\$ 112,182	\$ 220,644	\$ 1,300,489
County revenue	-	-	968,519	968,519
State revenue	4,730,817	47,083	47,512	4,825,412
Federal revenue	1,775,841	1,985,859	314,222	4,075,922
Total revenues	<u>\$ 7,474,321</u>	<u>\$ 2,145,124</u>	<u>\$ 1,550,897</u>	<u>\$ 11,170,342</u>
EXPENDITURES				
Instructional - regular	\$ 3,260,982	\$ 1,265,827	\$ 752,412	\$ 5,279,221
Instructional - special education	589,111	-	79,991	669,102
Instructional - vocational education	1,642	-	-	1,642
Supporting services - operations & maintenance	890,213	14,413	101,709	1,006,335
Supporting services - general	316,962	57,870	42,281	417,113
Supporting services - educational media services	286,416	417,690	35,861	739,967
Administration - general	331,522	98,119	11,025	440,666
Administration - school	508,115	1,789	63,657	573,561
Administration - business	490,408	-	67,415	557,823
Student transportation	39,484	1,340	153,520	194,344
Extracurricular	234,782	1,500	22,537	258,819
School food	109,557	-	349,746	459,303
Debt service expense - principal	39,684	-	-	39,684
Debt service expense - interest	480	-	-	480
Capital outlay	935	265,774	5,268	271,977
Total expenditures	<u>\$ 7,100,293</u>	<u>\$ 2,124,322</u>	<u>\$ 1,685,422</u>	<u>\$ 10,910,037</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 374,028</u>	<u>\$ 20,802</u>	<u>\$ (134,525)</u>	<u>\$ 260,305</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 62,059	\$ 62,059
Transfers out	(15,788)	-	(46,271)	(62,059)
Total other financing sources (uses)	<u>\$ (15,788)</u>	<u>\$ -</u>	<u>\$ 15,788</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ 358,240</u>	<u>\$ 20,802</u>	<u>\$ (118,737)</u>	<u>\$ 260,305</u>
Fund balances - beginning	\$ 4,536,775	\$ 166,329	\$ 1,764,786	\$ 6,467,890
Fund balance - ending	<u>\$ 4,895,015</u>	<u>\$ 187,131</u>	<u>\$ 1,646,049</u>	<u>\$ 6,728,195</u>

See accompanying Notes to the Financial Statements

**Wolf Point Public Schools, Roosevelt 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	\$	260,305
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		271,977
- Depreciation expense		(340,767)
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)		(9,994)
The change in compensated absences is shown as an expense in the Statement of Activities		
		(35,754)
Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:		
- Long-term debt principal payments		39,684
Termination benefits are shown as an expense in the Statement of Activities and not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance:		
- Post-employment benefits other than retirement liability		(495,459)
Change in net position - Statement of Activities	\$	<u><u>(310,008)</u></u>

See accompanying Notes to the Financial Statements

Wolf Point Public Schools, Roosevelt County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and short-term investments	\$ 134,129	\$ 647,560
Total assets	<u>\$ 134,129</u>	<u>\$ 647,560</u>
LIABILITIES		
Warrants payable	\$ -	\$ 626,179
Accounts payable	-	21,381
Total liabilities	<u>\$ -</u>	<u>\$ 647,560</u>
NET POSITION		
Assets held in trust	<u>\$ 134,129</u>	

See accompanying Notes to the Financial Statements

Wolf Point Public Schools, Roosevelt 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>261,257</u>
Total additions	\$	<u>261,257</u>
 DEDUCTIONS		
Student activities	\$	<u>247,501</u>
Change in net position	\$	<u>13,756</u>
 Net Position - Beginning of the year	 \$	 120,373
 Net Position - End of the year	 \$	 <u>134,129</u>

See accompanying Notes to the Financial Statements

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT 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 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 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.

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.

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Basis of Presentation, Measurement Focus and Basis of Accounting.

Government-wide Financial Statements:

Basis of Presentation

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. 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.

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.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type 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.

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Fund Financial Statements:

Basis of Presentation

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

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

Measurement Focus and Basis of Accounting

Governmental Funds

Modified Accrual

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

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

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

Major Funds:

The District reports the following major governmental funds:

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

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

Fiduciary Funds

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

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

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.

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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), the Flex account, the Hot Lunch account, and the Petty Cash account, 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 State Short-Term Investment Pool (STIP). Interest earned on pooled investments is distributed to each contributing entity and fund on a pro rata basis.

The School District does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Roosevelt County deposits and investments is available from Roosevelt County Treasurer's office, 400 2nd Avenue South, Wolf Point, MT 59201. Fair value approximates carrying value for investments as of June 30, 2014. The Roosevelt County Investment pool is not rated.

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

Deposits

The District's deposit balance at year end was \$155,510 and the bank balance was \$156,867 which was fully insured by FDIC.

NOTE 3. RECEIVABLES

Property tax levies are set in August, after the County Assessor delivers the taxable valuation information to the County, 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.

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Personal property taxes are based on levies set during the prior August. These taxes become delinquent 30 days after billing.

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

NOTE 4. INVENTORIES

The cost of inventories are 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 – 30 years
Equipment	8 – 20 years
Infrastructure	50 – 65 years

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

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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	\$ 254,535	\$ -	\$ 254,535
Construction in progress	-	85,922	85,922
Total capital assets not being depreciated	\$ 254,535	\$ 85,922	\$ 340,457
Other capital assets:			
Buildings and Improvements	\$ 7,172,908	\$ -	\$ 7,172,908
Machinery and equipment	1,996,806	186,055	2,182,861
Total other capital assets at historical cost	\$ 9,169,714	\$ 186,055	\$ 9,355,769
Less: accumulated depreciation	\$ (5,074,599)	\$ (340,767)	\$ (5,415,366)
Total	\$ 4,349,650	\$ (68,790)	\$ 4,280,860

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

Governmental Activities:

Instructional – regular	\$	78,390
Supporting services – operations and maintenance		145,978
Administration – general		3,015
Administration – school		11,504
Administration – finance		24,564
Student transportation		64,627
Extracurricular		9,212
School food		3,477
Total governmental activities depreciation expense	\$	340,767

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:

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Governmental Activities:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>	Due Within <u>One Year</u>
Compensated absences	\$ 228,152	\$ 35,754	\$ -	\$ 263,906	\$ 63,071
Intercap loans	57,969	-	(39,684)	18,285	18,285
Other post-employment benefits*	<u>1,821,239</u>	<u>495,459</u>	<u>-</u>	<u>2,316,698</u>	<u>-</u>
Total	<u>\$ 2,107,360</u>	<u>\$ 531,213</u>	<u>\$ (39,684)</u>	<u>\$ 2,598,889</u>	<u>\$ 81,356</u>

*See Note 7

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

Intercap Loans

Intercap loans have variable interest rates. Interest rates are subject to change annually. Interest rates to the borrower are adjusted on February 16th of each year and are based on a spread over the interest paid on one-year term, tax-exempt bonds which are sold to fund the loans.

Intercap loans outstanding as of June 30, 2014 were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Balance June 30, 2014</u>
Boiler Upgrade - 2004	6/18/04	1.00-4.85%	10 yrs	8/15/14	<u>\$357,045</u>	<u>\$ 18,285</u>

Annual requirement to amortize debt:

For Fiscal <u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2015	<u>\$ 18,285</u>	<u>\$ 97</u>

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.

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Each teacher will receive sick leave of ten (10) days or eighty-two and a half (82.5) hours per year which shall be credited at the beginning of each school year. Such leave shall be accumulated to one hundred (100) days or eight hundred twenty-five (825) hours. Termination after four (4) years of continuous employment in District 45-45A shall entitle a certified teacher to severance pay equal to 25% of the accrued, unused sick leave days. Computation of the value of the unused sick leave days will be based upon the employee's salary at the time his/her employment is terminated.

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

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)	\$ 3,549,487
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 3,549,487
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 5,207,970
UAAL as a percentage of covered payroll	68.15%

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.

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Annual Required Contribution (ARC)	\$	495,459
Interest on net OPEB obligation		-
Adjustment to ARC		-
Annual OPEB cost (expense)	\$	495,459
Contributions made		-
Increase in net OPEB obligation	\$	495,459
Net OPEB obligation - beginning of year		1,821,239
Net OPEB obligation - end of year	\$	2,316,698

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)	0.17%
Average salary increase (Consumer Price Index)	3.50%
<u>Health care cost rate trend (Federal Office of the Actuary)</u>	

<u>Year</u>	<u>% Increase</u>
2012	3.8%
2013	4.0%
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%

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
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>
Safety and security building improvements	Elementary Building Reserve- Nonmajor Governmental	Elementary Tuition- Nonmajor Governmental	\$ 36,882
To maintain appropriate fund balance	Elementary Compensated Absences- Nonmajor Governmental	Elementary Impact Aid*- Major Governmental	12,560
Safety and security building improvements	High School Building Reserve- Nonmajor Governmental	High School Bus Depreciation- Nonmajor Governmental	9,389
To maintain appropriate fund balance	High School Compensated Absences- Nonmajor Governmental	High School Impact Aid*- Major Governmental	<u>3,228</u>
			<u>\$ 62,059</u>

* Combined with the General Fund for reporting purposes

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:

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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

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

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

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

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

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

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

	<u>PERS</u>	<u>TRS</u>
2012	\$ 71,212	\$ 349,827
2013	\$ 67,436	\$ 343,274
2014	\$ 78,630	\$ 369,611

NOTE 10. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

For committed fund balance the government's highest level of decision-making authority is and the formal action that is required to be taken to establish, modify or rescind a fund balance commitment is the school board.

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.

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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>
Elementary Miscellaneous Programs	\$ 187,131	Restricted by grantors for special projects
Aggregate Remaining Funds:		
	145,892	Student Transportation
	547,021	Bus Replacement
	19,113	Student Food Services
	12,962	Student Instructional Services
	448,184	Employer Paid Retirement Benefits
	24,682	Third Party Grant Restrictions
	24,680	Adult Education Services
	42,101	Student Instructional Services
	34,377	Operations and Maintenance
	36,849	Vacation and/or Sick Leave Payments
	24,228	Technology Upgrades
	285,297	Capital Costs
	<u>663</u>	Endowment
	<u>\$ 1,833,180</u>	

NOTE 11. SERVICES PROVIDED BY OTHER GOVERNMENTS

County Provided Services

The District is provided various financial services by Roosevelt 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.

NOTE 24. 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.

WOLF POINT PUBLIC SCHOOLS
ROOSEVELT COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

Insurance Policies:

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

Insurance Pools:

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

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

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

**REQUIRED SUPPLEMENTAL
INFORMATION**

Wolf Point Public Schools, Roosevelt County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014

	General			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	AMOUNTS (BUDGETARY BASIS) See Note A	WITH FINAL BUDGET
RESOURCES (INFLOWS):				
Local revenue	\$ 891,796	\$ 891,797	\$ 959,201	\$ 67,404
State revenue	<u>4,623,983</u>	<u>4,623,982</u>	<u>4,623,980</u>	<u>(2)</u>
Amounts available for appropriation	<u>\$ 5,515,779</u>	<u>\$ 5,515,779</u>	<u>\$ 5,583,181</u>	<u>\$ 67,402</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ 3,134,935	\$ 3,134,935	\$ 3,105,807	\$ 29,128
Instructional - special education	546,622	546,622	476,191	70,431
Instructional - vocational education	-	-	1,642	(1,642)
Supporting services - operations & maintenance	176,294	176,294	318,907	(142,613)
Supporting services - general	351,471	351,471	312,974	38,497
Supporting services - educational media services	275,601	275,601	280,846	(5,245)
Administration - general	183,996	183,996	196,691	(12,695)
Administration - school	116,246	116,246	156,372	(40,126)
Administration - business	456,853	456,853	436,240	20,613
Extracurricular	183,498	183,498	174,664	8,834
School food	<u>82,363</u>	<u>82,363</u>	<u>54,450</u>	<u>27,913</u>
Total charges to appropriations	<u>\$ 5,507,879</u>	<u>\$ 5,507,879</u>	<u>\$ 5,514,784</u>	<u>\$ (6,905)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (7,900)</u>	<u>\$ (7,900)</u>	<u>\$ -</u>	<u>\$ 7,900</u>
Net change in fund balance			<u>\$ 68,397</u>	
Fund balance - beginning of the year			<u>\$ 523,894</u>	
Fund balance - end of the year			<u><u>\$ 592,291</u></u>	

**Wolf Point Public Schools, Roosevelt 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
Sources/Inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,583,181
Combined funds (GASBS 54) revenues	1,891,140
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	\$ 7,474,321
 Uses/Outflows of resources	
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,514,784
Combined funds (GASBS 54) expenditures	1,585,509
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 7,100,293

Note B

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

Wolf Point Public Schools
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, 2008	\$ -	\$ 3,650,846	\$ 3,650,846	0%	\$ 4,553,882	80%
July 1, 2011	\$ -	\$ 2,554,276	\$ 2,554,276	0%	\$ 5,604,048	46%
July 1, 2012	\$ -	\$ 3,549,487	\$ 3,549,487	0%	\$ 5,207,970	68%

SUPPLEMENTAL INFORMATION

WOLF POINT PUBLIC SCHOOLS
Roosevelt County, Montana
SCHEDULE OF ENROLLMENT
For the Fiscal Year Ended June 30, 2014

Fall Enrollment - October, 2013

Elementary School District

	FALL	Audit Per	Difference
	Per Enrollment	District Records	
	Reports	District Records	Difference
Kindergarten Full	68	68	0
Grades 1-6	391	391	0
Grades 7-8	135	135	0
Total Elementary	594	594	0

Part-time Students

	Per Enrollment Reports					Audit per District Records				Difference
	Grade	< 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	
7-8	0	0	0	1		0	0	0	1	0

High School District

	FALL	Audit Per	Difference
	Per Enrollment	District Records	
	Reports	District Records	Difference
Grades 9-12	221	221	0
19 year-olds	1	1	0
Job Corps students	0	0	0

Part-time Students

	Per Enrollment Reports					Audit per District Records				Difference
	Grade	< 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	
9-12	1	0	1	0		1	0	1	0	0

WOLF POINT PUBLIC SCHOOLS
Roosevelt County, Montana
SCHEDULE OF ENROLLMENT - Continued
For the Fiscal Year Ended June 30, 2014

Winter Enrollment - December, 2013

Elementary School District

	WINTER Per Enrollment Reports	Audit Per District Records	Difference
Kindergarten Full	63	63	0
Grades 1-6	392	392	0
Grades 7-8	130	130	0
Total Elementary	585	585	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	
1-6	0	0	2	0	0	0	2	0	0
7-8	0	0	0	1	0	0	0	1	0

High School District

	WINTER Per Enrollment Reports	Audit Per District Records	Difference
Grades 9-12	226	226	0
19 year-olds	1	1	0
Job Corps students	0	0	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	
9-12	1	0	1	0	1	0	1	0	0

WOLF POINT PUBLIC SCHOOLS
Roosevelt County, Montana
SCHEDULE OF ENROLLMENT - Continued
For the Fiscal Year Ended June 30, 2014

Spring Enrollment - February, 2014

Elementary School District

	SPRING	Audit Per	Difference
	Per Enrollment	District Records	
	<u>Reports</u>	<u>District Records</u>	<u>Difference</u>
Kindergarten - Full	64	64	0
Grades 1-6	398	398	0
Grades 7-8	124	124	0
Total Elementary	586	586	0

Part-time Students

	Per Enrollment Reports					Audit per District Records				Difference
	Grade	< 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	
7-8	0	0	0	1		0	0	0	1	0

High School District

	SPRING	Audit Per	Difference
	Per Enrollment	District Records	
	<u>Reports</u>	<u>District Records</u>	<u>Difference</u>
Grades 9-12	224	224	0
19 year-olds	0	0	0
Early Graduates	1	1	0
Job Corps students	2	2	0

Part-time Students

	Per Enrollment Reports					Audit per District Records				Difference
	Grade	< 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	
9-12	1	0	2	0		1	0	2	0	0

Wolf Point Public Schools
Roosevelt County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2014

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
Art Club	\$ 58	\$ -	\$ -	\$ (58)	\$ -
Art Resale	1,438	2,108	3,665	1,694	1,575
Athletics	43,931	55,375	57,321	414	42,399
Band	1,744	48	633	-	1,159
Business Professionals of America	246	-	-	-	246
Cheerleaders	721	1,433	928	-	1,226
Chorus	2,816	403	2,307	-	912
Class of 2013	722	300	-	(1,022)	-
Class of 2014	5,124	29,180	41,176	6,872	-
Class of 2015	2,814	3,204	4,651	3,080	4,447
Class of 2016	2,101	126	42	-	2,185
Class of 2017	-	2	161	2,854	2,695
Concessions	5,357	76,989	48,011	(27,557)	6,778
Drama Club	1,334	1,177	3,888	4,223	2,846
Drill Team	190	1	-	-	191
Elementary	3,748	1,892	1,729	-	3,911
F.F.A.	1,913	163	999	4,133	5,210
Family Consumer Science	492	1	-	-	493
FANG	(15)	6,963	6,087	(175)	686
FCCLA	3,129	5	-	-	3,134
Foreign Language	1,089	-	1,089	-	-
Forensics	1,650	2	-	-	1,652
Industrial Arts Club	323	-	323	-	-
JH Family Consumer Science	9	220	-	-	229
JH Student Activities	1,902	3	250	-	1,655
JH Art Resale	1,208	100	-	(1,308)	-
JH Shop Resale	1,258	1,382	2,019	-	621
JH Student Council	1,041	3,574	1,202	883	4,296
JH Athletics	2,639	8,187	5,155	-	5,671
Letterwinner's Club	2,459	1	2,460	-	-
Library	1,190	1,066	1,469	(40)	747
Music Resale	3,969	4,873	5,192	500	4,150
National Honor Society	2,643	1,534	3,804	3,533	3,906
Pep Club	994	1	-	-	995
Photo Club	328	-	-	(328)	-
Positive Action Students	91	-	91	-	-
Science Club	187	-	187	-	-
Shop Resale	382	1,871	309	(307)	1,637
Special Olympics	1,119	2	-	-	1,121
St. Intramural Assn.	142	-	142	-	-
Student Council	3,872	6,303	3,209	210	7,176
Swing Choir	11,532	37,643	35,551	2,194	15,818
Video Club	450	-	450	-	-
Vo-Ag Resale	1,761	4,915	3,309	205	3,572
Wolf People	(66)	10,210	9,473	-	671
WPICO Instruments	338	-	219	-	119
Total	\$ <u>120,373</u>	\$ <u>261,257</u>	\$ <u>247,501</u>	\$ <u>-</u>	\$ <u>134,129</u>

SINGLE AUDIT SECTION

Wolf Point Public Schools, Roosevelt County, Montana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditure June 30, 2014
<u>U.S. Department of Agriculture</u>			
<i>Passed through Montana Office of Public Instruction:</i>			
School Breakfast Program	10.553	N/A	\$ 61,203
National School Lunch Program	10.555	N/A	224,118
Food Distribution (Commodities)	10.555	N/A	25,220
Total U.S. Department of Agriculture			\$ 310,541
<u>U.S. Department of Interior - Bureau of Indian Affairs</u>			
<i>Direct:</i>			
Johnson O'Malley (JOM)	15.130	N/A	44,845
Total U.S. Department of Interior			\$ 44,845
<u>U.S. Department of Education</u>			
<i>Direct:</i>			
Impact Aid	84.041	N/A	\$ 1,421,123
Impact Aid	84.041	N/A	180,172
Title VII, Part A, Subpart 1, Indian Education	84.060A	S060A130453	153,508
<i>Passed through Montana Office of Public Instruction:</i>			
Title I, Schoolwide	84.010	4307803213	28,594
Title I, Schoolwide	84.010	4307803214	640,856
IDEA, Part B, Children with Disabilities	84.027	4307807714	213,529
Carl Perkins (Federal Vo-Ed) - Basic Grant	84.048A	7307818114	26,023
IDEA, Preschool	84.173A	4307807914	19,040
Title I, Part E, Striving Readers	84.371	4307803513	140,521
Title I, Part E, Striving Readers	84.371	4307803514	658,792
<i>Passed through Office of the Commissioner of High Education the Montana University System:</i>			
Gaining Early Awareness and Readiness for Undergraduate Program	84.334	N/A	45,997
Gaining Early Awareness and Readiness for Undergraduate Program	84.334	4307818414	514
Total U.S. Department of Education			\$ 3,528,669
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Montana Department of Labor:</i>			
Job Opportunities and Basic Skills	93.561	N/A	\$ 7,458
Total U.S. Department of Health and Human Services			\$ 7,458
Total Federal Financial Assistance			\$ 3,891,513

N/A = Not Applicable or Not Available

WOLF POINT PUBLIC SCHOOLS

ROOSEVELT COUNTY, MONTANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2014

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Wolf Point Public Schools, Roosevelt County, Montana, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

Federal Awards Received as a Pass-Through Entity

None

Value of Federal Awards Expended in the form of Noncash Assistance

Commodities \$25,220

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

1740 U.S. Hwy 93 South - Suite 101 Kalispell, MT 59901

**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
Wolf Point Public Schools
Roosevelt County
Wolf Point, 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 Wolf Point Public Schools, Roosevelt County, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Wolf Point Public Schools' basic financial statements and have issued our report thereon dated January 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wolf Point Public Schools, Roosevelt 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 Wolf Point Public Schools, Roosevelt County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Wolf Point Public Schools' 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies listed as items 14-1 and 14-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wolf Point Public Schools' 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*.

Wolf Point Public Schools's Response to Findings

Wolf Point Public Schools's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Wolf Point Public Schools'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 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.

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

January 23, 2015

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 COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Trustees
Wolf Point Public Schools
Roosevelt County
Wolf Point, Montana

Report on Compliance for Each Major Federal Program

We have audited Wolf Point Public Schools, Roosevelt County, Montana's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wolf Point Public Schools' major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wolf Point Public Schools, Roosevelt County, Montana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of District's compliance.

Opinion on Each Major Federal Program

In our opinion, Wolf Point Public Schools, Roosevelt County, Montana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Wolf Point Public Schools, Roosevelt County, Montana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

January 23, 2015

WOLF POINT PUBLIC SCHOOLS

ROOSEVELT COUNTY, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified	None Reported
Type of auditor’s report issued on compliance for major programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
10.553, 10.555	Child Nutrition Cluster
84.060	Title VII Indian Education

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

14-1 Student Activity Internal Controls

Condition:

All monies turned in for receipt and deposits by the treasurer or advisor were not supported by documentation to verify all monies received were included for such collections as concessions and the school store.

In addition, there is a lack of segregation of duties within the receipting process in that one person is responsible for receipting, depositing, posting and reconciling.

The report to the board should include the bank statement and the list of reconciling items.

Finally, the person who opens the mail is also responsible for disbursements.

Context:

We reviewed all receipts for the month of February 2014 and traced to the supporting documentation and the deposit record, bank deposit receipt and bank statement. We also reviewed control procedures with staff.

Criteria:

Internal control procedures should be in place to ensure the safeguarding of assets.

Effect:

Internal control weaknesses were noted with regard to student activity.

Cause:

The District had not developed adequate internal control procedures.

Recommendation:

To improve internal control over student activity receipting, concessions and the student store should provide documentation of sales and support for control over items purchased for sale. The duties of receipting, posting, depositing and reconciling should be segregated to the extent possible. Include in the board packet for student accounts, a copy of the bank statement and a list of reconciling items. Finally, assign the function of mail opening to a person outside of the accounting function.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Views of Responsible Officials and Planned Corrective Action:

To improve internal control over student activity receipting, the Payroll Clerk and Business Manager will receipt any money from advisors and student account groups. Then, the deposit will be forwarded to the Student Activity Clerk. At month's end, receipt slips will be compared against a deposit print-out from the Student Accounting software. The Student Activity Fund Bank Statements and the Black Mountain Reconciliation will be included in each month's board. The district will have Pepsi and Coke collect all money from their vending machines and issue a profit check to the School District. The district will purchase I-pad software and cash drawers to be used to record sales and track inventory in the concessions and student store. This software will have the ability to print sales and inventory reports as needed. The district office accounts payable mail will be opened by the JH/HS non-instructional aide or secretary, both do not have access to the accounting function.

14-2 Food Service Inventory Internal Controls

Condition:

The District has not established an inventory tracking process for food service inventory.

Criteria:

Reviewed control procedures for food service inventory with the head cook and observed inventory and location.

Context:

Internal control procedures should be in place to provide adequate safeguarding of assets.

Effect:

Without a tracking system for food service inventory, items of value are not safeguarded throughout the year.

Cause:

The District has not established an inventory tracking system.

Recommendation:

The District should establish a beginning inventory by completing a count of goods. This count should then be documented and reviewed by supervisory personnel. Once the count is established, any purchases should be added as arrived. Usage sheets or reports should be maintained and items should be subtracted from the inventory as used. Periodically, the inventory should be counted and compared to the net inventory tracking. Any discrepancies should be researched as to cause.

Views of Responsible Officials and Planned Corrective Action:

The Kitchen Staff will establish a beginning inventory of goods on hand in coordination with the Business Manager and Superintendent. The district will research and purchase an inventory software program to be used in the School Food Department. The inventory will be counted and compared to the inventory report monthly. All discrepancies will be researched and material discrepancies will be reported to the Superintendent.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.

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
Wolf Point Public Schools
Roosevelt County
Wolf Point, Montana

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

<u>Recommendation</u>	<u>Action Taken</u>
Student Activity Internal Control Weaknesses	Repeated

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

January 23, 2015