

**EAST GLACIER PARK SCHOOL DISTRICT NO. 50**

**GLACIER COUNTY  
EAST GLACIER PARK, MONTANA**

**FINANCIAL AND COMPLIANCE REPORT**

**Fiscal year Ended June 30, 2014**

**Strom & Associates, P. C.**

**PO BOX 1980  
Billings, Montana 59103**

East Glacier Park School District No. 50  
 Glacier County  
 East Glacier Park, MT 59438

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East Glacier Park School District No. 50  
Glacier County  
East Glacier Park, MT 59438

ORGANIZATION

BOARD OF TRUSTEES

|                        |            |
|------------------------|------------|
| Brian Gallup           | Chair      |
| Anthony DeCarlo        | Vice Chair |
| Dee Anna Bradly-Leader | Trustee    |
| John W. Ray            | Trustee    |
| Katie Sako             | Trustee    |

OFFICIALS

|                  |                       |
|------------------|-----------------------|
| Karlona Sheppard | Lead Teacher          |
| Joni M. Woldstad | District Clerk        |
| Darryl Omsberg   | County Superintendent |
| Carolyn Bergram  | County Attorney       |

**EAST GLACIER PARK GRADE SCHOOL  
SCHOOL DISTRICT NO. 50, GLACIER COUNTY  
EAST GLACIER PARK, MT  
Management Discussion and Analysis (MD&A)**

**JUNE 30, 2014**

The Director of Finance of the East Glacier Park School District has provided this management's discussion and analysis to give the reader of these statements an overview of the financial position and activities of the school district for the year covered by this audit report.

**FINANCIAL HIGHLIGHTS**

The District's financial position was stable in 2014. The value of the assets stayed relatively the same. Cash operating reserves in the General fund stay at the 10% limit. The excess cash reserves are \$13,669.36 which is the protested tax settlements of 2009, 2011, and 2014 in the general fund. The current Protested Tax receivable of \$42,124.91 and Tax Receivables of \$85,165.72 in the General Fund, protested taxes of \$6,872.52 and tax receivables of \$7,878.58 in the Transportation Fund, tax receivable of \$1,081.31 in the Flex Fund, and protested taxes of \$10,604.09 and tax receivables of \$14,018.32 in the Building Reserve Fund still put stress on the budgets. The liabilities owed by the district are the compensated absences of \$23,692.37 which decrease of \$1,150.02 from 2013. This is also the tenth year the district has recorded depreciation expense as required by GASB 34. Revenues were \$771,913.93 while expenditures were \$710,779.96. The salaries, benefits, and health insurance represent approximately 82.37% of the total expenditures. The per-pupil to general fund expenditure in this district was \$8,690.78 per pupil for this year which is a decrease from last year.

**USING THIS FINANCIAL REPORT**

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

**Reporting the School District as a Whole**

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 use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

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

The Statement of Net Position and the Statement of Activities present the activities of the school district in:

**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.

**Reporting the District's Most Significant Funds**

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

The fund statements report balances and activities of the most significant, or "major" funds separately and combine the activities of less significant funds under a single category. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the school district's operations, and the existence of legal budget requirements.

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

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

**Reporting the District's Trust and Fiduciary Responsibilities**

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

**Budget –to- Actual Comparisons**

Budgets are adopted on a basis consistent with the state of Montana budget laws which are consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the general fund, Transportation, Retirement, Technology, Flex, and Building Reserve Funds. The original fund budgets were not amended so the original budget and the final budget are the same. The School District did not elect to encumber funds at the end of the year.

**THE DISTRICT AS A WHOLE**

**1.Changes in Net Position**

Current assets or cash, taxes receivable and funds due from other governments did increase by \$69,956.00 The General Fund and the Retirement Fund operating reserves are at their limit. The excess reserves in the general fund are the remaining protested tax settlement from 2009, 2011 and part of 2014. The tax receivables continue to be relatively the same as last year and the protested taxes in the general, transportation, flex, and building reserve funds have continues to increase. There was a transportation \$30,000.00 levy for this school year. The voters approved a \$45,000 building reserve levy for one year. The voters also approved the transfer up to \$55,000.00 from the Transportation Fund to the Flex Fund in the 2014-2015 school year. The voters also approved a Technology Levy of \$28, 350.00 for the next ten year. This was the second year that School District No. 50 was approved for the Century 21 Grant which is an after school and summer program. The Century 21 Grant had \$52, 000 for revenue and \$48,308.00 for expenditures. The listing of capital assets was thoroughly reviewed. As soon as school was out for the 2013-2014 school year a remodeling project was began using Building Reserve Funds. Our maintenance staff removed the old floor covering and local contractor replaced the flooring with new materials in the classrooms, resource room, library, offices, and backdoor entryway.

The District has six significant, or “major Aid fund funds” which are the General Fund, the Transportation Fund, the Retirement Fund, the Miscellaneous Fund, the Impact, and the Building Reserve fund.

|                                           | Governmental Activities |                | Total Change   |               |
|-------------------------------------------|-------------------------|----------------|----------------|---------------|
|                                           | FY14                    | FY13           | \$ Change      | % Change      |
| Current & Other Assets                    | 598,038                 | 520,007        | 78,031         | 15.01%        |
| Capital Assets                            | 33,956                  | 42,031         | (8,075)        | -19.21%       |
| <b>Total Assets</b>                       | <u>631,994</u>          | <u>562,038</u> | <u>69,956</u>  | <u>12.45%</u> |
| Current Liabilities                       | 4,856                   | 54,488         | (632)          | -11.52%       |
| Long Term liabilities                     | 18,835                  | 19,354         | (519)          | -2.68%        |
| <b>Total Liabilities</b>                  | <u>23,691</u>           | <u>24,842</u>  | <u>(1,151)</u> | <u>-4.63%</u> |
| Net Investment in Capital Assets          | 33,956                  | 42,031         | (8,075)        | -19.21%       |
| Unrestricted                              | 154,098                 | 204,352        | (50,254)       | -24.59%       |
| <b>Total Net Position</b>                 | <u>608,303</u>          | <u>537,196</u> | <u>71,108</u>  | <u>13.24%</u> |
| <b>Total Net Position and liabilities</b> | <u>608,303</u>          | <u>537,196</u> | <u>71,108</u>  | <u>13.24%</u> |

## 2. General and Program Revenues

This schedule of changes in net position contains some very interesting information about East Glacier Park Grade School. The District's federal funding was reduced significantly.

### Changes in Net Position

|                                     | Governmental Activities |                | Total Change   |               |
|-------------------------------------|-------------------------|----------------|----------------|---------------|
|                                     | FY14                    | FY13           | \$ Change      | % Change      |
| <b>Revenues</b>                     |                         |                |                |               |
| Program revenues:                   | 171,035                 | 151,593        | 19,442         | 12.83%        |
| Charges for services                | 0                       | 0              | 0              | 0             |
| Operating grants and contributions  | 171,035                 | 151,593        | 19,442         | 12.83%        |
| <b>General Revenues:</b>            |                         |                |                |               |
| Property Taxes                      | 264,195                 | 245,996        | 18,199         | 7.40%         |
| State equalization                  | 111,641                 | 108,012        | 3,629          | 3.36%         |
| Other State Revenues                | 43,517                  | 68,163         | (24,646)       | -36.16%       |
| County                              | 128,003                 | 55,764         | 72,239         | 129.54%       |
| Federal                             | 66,016                  | 95,474         | (29,458)       | -30.85%       |
| Interest                            | 1,402                   | 2,872          | (1,470)        | -51.18%       |
| Other general revenues              | 3,003                   | 18,131         | (15,128)       | -83.44%       |
| <b>Total revenues</b>               | <b>788,811</b>          | <b>746,005</b> | <b>42,806</b>  | <b>5.74%</b>  |
| <b>Program expenses</b>             |                         |                |                |               |
| Instructional                       | 420,634                 | 413,843        | 6,791          | 1.64%         |
| Support                             | 6,720                   | 7,740          | (1,020)        | -13.18%       |
| Media                               | 648                     | 645            | 3              | 0.54%         |
| Operations & maintenance            | 83,772                  | 102,550        | (18,778)       | -18.31        |
| School food                         | 66,811                  | 59,549         | 7,262          | 12.20%        |
| Extracurricular                     | 3,404                   | 3,398          | 6              | 0.16%         |
| Administration                      | 129,710                 | 126,251        | 3,459          | 2.74%         |
| Depreciation/Unallocated            | 6,004                   | 6,004          | (0)            | 0%            |
| <b>Total Expenses</b>               | <b>717,704</b>          | <b>719,979</b> | <b>(2,276)</b> | <b>-0.32%</b> |
| Increase (decrease) in net position | 71,107                  | 26,026         | 45,082         |               |

## 3. Spending Levels Compared to Resource Levels

The "increase in net position" resulted from an decrease in expenses and an increase in revenue. All programs of the district show that revenues exceeded expenditures by \$71,107.00 in FY 2014. The student enrollment increase slightly in 2013-2014 school year from the 2012-2013 school year. The Board of Trustees desires to be cautious with the expenditures and would like to have an increase in net position.

## 4. Changes in Finances Caused by Changes in Programs

This table correctly reflects the fact that East Glacier Park Grade School gets most 78.32% of their funding from general revenues sources. The taxable value for East Glacier Park Grade School is \$1,744,636.00.

## **5. Identifying and Resolving Financial Difficulties**

The district did not have any budget problems or errors that significantly impacted any fund.

## **6. Significant Events and Trends**

Aging facilities has East Glacier Park Grade School's investing capital in upgrading facilities. This summer the Board approved the flooring remodeling in the remaining classrooms, resource room, the library, the offices, and the back entry way. The commercial freezer in the lunchroom quit working and was replaced with three smaller freezer. New windows and re-roofing the school building are still being seriously considered. It is important for the district to keep their facilities up to date.

The East Glacier Park Grade School experienced a slight increase in the student enrollment. The technology continues to be upgraded as needed. This year the Board approved the purchase 20 chrome books and a cart for them. Next year the plan is to purchase another 44 chrome books. The required testing from the state requires student to take the test on internet. This year the State of Montana chose not to score the testing that they required us do online.

The Board of Trustees conducted a series of Strategic Planning work sessions during the 2011 summer. A strategic plan was written with the assistance of a contracted strategic planning facilitator. The Strategic Plan is continually reviewed and updated by the Strategic Planning committee which reports to the Board of Trustees at each regular Board meeting.

## **ANALYSIS OF FINANCIAL INFORMATION**

The following analysis is provided to help the reader understand the major operations of the school district, where the resources come from, what the resources are used for, and trends, decisions, and events that are expected to affect the district's financial situation in the future.

### **1. What Does the School Do?**

East Glacier Park Grade School's main purpose is to educate children, therefore their costs revolve around instruction and supporting the instruction of students, providing breakfast, and lunch to these students along with some extracurricular activities.

### **2. Where Do the Resources Come From?**

About 40.3% percent of East Glacier Park Grade School's general fund revenues come from property taxes. East Glacier Park Grade School participates in many federal programs, which are funded based upon free and reduced lunch applications, and Indian Education formula grants. The district supports the school lunch program by paying salary expenditures from the general fund, benefits from the retirement fund, and part of the food costs from the impact aid and other funds.

### **3. What Does It Cost?**

East Glacier Park Grade School spent \$710,780.00 to educate 41 students in FY 2014. 58.9% per cent of that was spent on instructional services to students. Administration costs accounted for 18% of the total expenditures, operation and maintenance costs accounted for 11.8%, school foods costs accounted for 9.25%, and extracurricular costs accounted for .4% of the total expenditures. Support Services was .9% and Media services were .09% of the total expended.

### **4. What are the Capital Assets and Debt of the District?**

The net capital assets of East Glacier Park Grade School are valued at \$33,956.00. The district has no debt.

### **5. Fund Deficits**

East Glacier Park Grade School has had no deficits during the year in any program.

### **6. What Changes and Trends Affect the District's Future?**

The legislative change that allows the district to maintain the higher budget of the prior year budget or the maximum budget is a positive change for School District #50. Enrollment is expected to increase more in the 2014-2015 school year.

The school now has a certified principal/superintendent on staff.

Elementary school enrollment has remained relatively the same this year. Enrollment at the elementary level has a definite impact on the financial status of East Glacier Park Grade School. There are fewer students that are eligible for free or reduced meals which increase the school foods cost for the district.

## **CONTACT FOR FURTHER INFORMATION**

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PO Box 150  
East Glacier Park, MT 59434  
406-226-5543

STROM & ASSOCIATES, PC  
Certified Public Accountants  
P.O. Box 1980  
Billings, Montana 59103

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
East Glacier Park School District No. 50  
Glacier County  
East Glacier Park, MT 59438

**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 East Glacier Park School District No. 50 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 East Glacier Park School District No. 50 as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 6) and budgetary comparison information (pages 22 - 23) 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 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 inquires 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 East Glacier Park School District No. 50's basic financial statements. The accompanying schedule of reported enrollment (page 26) and schedule of revenues, expenses and balances student activity funds (page 27) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of reported enrollment and schedule of revenues, expenses and balances student activity funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of reported enrollment and schedule of revenues, expenses and balances student activity funds are fairly stated, in all material respects, in relation to the basic 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 October 10, 2014 on our consideration of East Glacier Park School District No. 50 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 East Glacier Park School District No. 50 internal control over financial reporting and compliance.

*Strom & Associates, P.C.*

STROM & ASSOCIATES, PC  
Billings, Montana  
October 10, 2014

East Glacier Park School District No. 50  
 Glacier County  
 East Glacier Park, MT 59438

STATEMENT OF NET POSITION  
 as of June 30, 2014

|                                            | <u>Governmental</u><br><u>Activities</u> |
|--------------------------------------------|------------------------------------------|
| <b>ASSETS:</b>                             |                                          |
| Current Assets:                            |                                          |
| Cash and Cash Equivalents                  | \$ 429,848                               |
| Taxes Receivable                           | 167,745                                  |
| Due From Other Governments                 | 70                                       |
| Other Current Assets                       | <u>374</u>                               |
| <b>Total Current Assets</b>                | <u>598,037</u>                           |
| Noncurrent Assets:                         |                                          |
| Capital Assets:                            |                                          |
| Land                                       | 1,000                                    |
| Net Depreciable Assets                     | <u>32,956</u>                            |
| <b>Total noncurrent assets</b>             | <u>33,956</u>                            |
| <b>Total Assets</b>                        | <u>\$ 631,993</u>                        |
| <b>LIABILITIES:</b>                        |                                          |
| Current Liabilities                        |                                          |
| Current Portions Compensated Absences      | <u>4,856</u>                             |
| <b>Total Current Liabilities</b>           | <u>4,856</u>                             |
| Noncurrent Liabilities:                    |                                          |
| Compensated Absences                       | <u>18,836</u>                            |
| <b>Total noncurrent Liabilities</b>        | <u>18,836</u>                            |
| <b>Total Liabilities</b>                   | <u>23,692</u>                            |
| <b>NET POSITION:</b>                       |                                          |
| Net Investment in Capital Assets           | 33,956                                   |
| Restricted                                 | 311,187                                  |
| Unrestricted (deficit)                     | <u>263,158</u>                           |
| <b>Total Net Position</b>                  | <u>608,301</u>                           |
| <b>Total Liabilities and Net Position:</b> | <u>\$ 631,993</u>                        |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

East Glacier Park School District No. 50  
 Glacier County  
 East Glacier Park, MT 59438

STATEMENT OF ACTIVITIES  
 as of June 30, 2014

|                                      | Program Revenues |                          | Net (Expense)     |
|--------------------------------------|------------------|--------------------------|-------------------|
|                                      | Expenses         | Grants and Contributions | Revenue 2014      |
|                                      | Operating        |                          | Governmental      |
|                                      |                  |                          | Activities        |
| <b>GOVERNMENT OPERATIONS</b>         |                  |                          |                   |
| Instructional Services               | \$ 420,634       | \$ 152,556               | \$ (268,078)      |
| Support Services                     | 6,720            | -                        | (6,720)           |
| Educational Media Services           | 648              | -                        | (648)             |
| General Administrative Services      | 129,712          | -                        | (129,712)         |
| Operation & Maintenance Services     | 83,773           | -                        | (83,773)          |
| School Food Services                 | 66,811           | 18,459                   | (48,352)          |
| Extracurricular                      | 3,404            | -                        | (3,404)           |
| Unallocated Depreciation Expense *   | 6,004            | -                        | (6,004)           |
| <b>Total Governmental Activities</b> | <u>717,706</u>   | <u>171,015</u>           | <u>(546,691)</u>  |
| <b>GENERAL REVENUES</b>              |                  |                          |                   |
| District Levies                      |                  |                          | 264,194           |
| State Equalization                   |                  |                          | 111,641           |
| Other State Revenues                 |                  |                          | 43,537            |
| County                               |                  |                          | 128,003           |
| Federal                              |                  |                          | 66,016            |
| Interest                             |                  |                          | 1,402             |
| Other                                |                  |                          | 3,003             |
| <b>Total General Revenues</b>        |                  |                          | <u>617,796</u>    |
| <b>Change in Net Position</b>        |                  |                          | <u>71,105</u>     |
| <b>Net Position</b>                  |                  |                          |                   |
| Beginning of the Year                |                  |                          | <u>537,196</u>    |
| End of the Year                      |                  |                          | <u>\$ 608,301</u> |

\* Excludes depreciation included in direct expenses of the various functions

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

East Glacier Park School District No. 50  
 Glacier County  
 East Glacier Park, MT 59438

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 as of June 30, 2014

|                                                                               | MAJOR             |                  |                 |                     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------------|-------------------|------------------|-----------------|---------------------|--------------------------------|--------------------------------|
|                                                                               | General<br>Fund   | Retirement       | Miscellaneous   | Building<br>Reserve |                                |                                |
| <b>ASSETS:</b>                                                                |                   |                  |                 |                     |                                |                                |
| <b>Current Assets:</b>                                                        |                   |                  |                 |                     |                                |                                |
| Cash and Cash Equivalents                                                     | 158,104           | 88,905           | 9,651           | 166,493             | 6,695                          | 429,848                        |
| Taxes Receivable                                                              | 128,372           | -                | -               | 24,622              | 14,751                         | 167,745                        |
| Due From Other Governments                                                    | -                 | -                | -               | -                   | 70                             | 70                             |
| Other Current Assets                                                          | 374               | -                | -               | -                   | -                              | 374                            |
| <b>Total Assets</b>                                                           | <b>\$ 286,850</b> | <b>\$ 88,905</b> | <b>\$ 9,651</b> | <b>\$ 191,115</b>   | <b>\$ 21,516</b>               | <b>\$ 598,037</b>              |
| <b>LIABILITIES:</b>                                                           |                   |                  |                 |                     |                                |                                |
| Total Liabilities                                                             | -                 | -                | -               | -                   | -                              | -                              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                   |                  |                 |                     |                                |                                |
| Unavailable Property Taxes Receivable                                         | 128,372           | -                | -               | 24,622              | 14,751                         | 167,745                        |
| <b>Total Deferred Inflows of resources</b>                                    | <b>128,372</b>    | <b>-</b>         | <b>-</b>        | <b>24,622</b>       | <b>14,751</b>                  | <b>167,745</b>                 |
| <b>FUND BALANCE:</b>                                                          |                   |                  |                 |                     |                                |                                |
| <b>Fund Balances:</b>                                                         |                   |                  |                 |                     |                                |                                |
| Restricted                                                                    | -                 | 88,905           | 9,651           | 166,493             | 6,765                          | 271,814                        |
| Unassigned:                                                                   | 158,478           | -                | -               | -                   | -                              | 158,478                        |
| <b>Total Fund Balance</b>                                                     | <b>158,478</b>    | <b>88,905</b>    | <b>9,651</b>    | <b>166,493</b>      | <b>6,765</b>                   | <b>430,292</b>                 |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balance</b> | <b>\$ 286,850</b> | <b>\$ 88,905</b> | <b>\$ 9,651</b> | <b>\$ 191,115</b>   | <b>\$ 21,516</b>               | <b>\$ 598,037</b>              |

RECONCILIATION TO THE STATEMENT OF NET POSITION

|                                                |                   |
|------------------------------------------------|-------------------|
| Total fund balance reported above              | \$ 430,292        |
| Governmental Capital Assets                    | 33,956            |
| Long-term Liabilities                          |                   |
| Compensated Absences                           | (23,692)          |
| Unavailable Property Taxes Receivable          | 167,745           |
| <b>Net Position of Governmental Activities</b> | <b>\$ 608,301</b> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 as of June 30, 2014

|                                                              | MAJOR             |                  |                 |                     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------|-------------------|------------------|-----------------|---------------------|--------------------------------|--------------------------------|
|                                                              | General<br>Fund   | Retirement       | Miscellaneous   | Building<br>Reserve |                                |                                |
| <b>REVENUES:</b>                                             |                   |                  |                 |                     |                                |                                |
| District Levies                                              | \$ 175,330        | \$ -             | \$ -            | \$ 43,189           | \$ 28,778                      | \$ 247,297                     |
| Interest                                                     | 587               | 244              | -               | 453                 | 118                            | 1,402                          |
| Other                                                        | 3,003             | -                | -               | -                   | -                              | 3,003                          |
| County                                                       | -                 | 128,003          | -               | -                   | -                              | 128,003                        |
| State                                                        | 189,297           | -                | -               | -                   | 2,433                          | 191,730                        |
| Federal                                                      | 66,016            | -                | 116,075         | -                   | 18,388                         | 200,479                        |
| <b>Total Revenues</b>                                        | <b>434,233</b>    | <b>128,247</b>   | <b>116,075</b>  | <b>43,642</b>       | <b>49,717</b>                  | <b>771,914</b>                 |
| <b>EXPENDITURES:</b>                                         |                   |                  |                 |                     |                                |                                |
| <b>Current</b>                                               |                   |                  |                 |                     |                                |                                |
| Instructional Services                                       | 245,497           | 44,613           | 117,257         | 10,756              | 1,038                          | 419,161                        |
| Support Services                                             | 6,001             | 719              | -               | -                   | -                              | 6,720                          |
| Educational Media Services                                   | 554               | 94               | -               | -                   | -                              | 648                            |
| General Administrative Services                              | 113,378           | 16,005           | -               | 1,450               | -                              | 130,833                        |
| Operation & Maintenance Services                             | 72,952            | 6,657            | -               | 4,651               | -                              | 84,260                         |
| School Food Services                                         | 39,374            | 4,865            | -               | 3,649               | 17,867                         | 65,755                         |
| Extracurricular                                              | 3,018             | 386              | -               | -                   | -                              | 3,404                          |
| <b>Total Expenditures</b>                                    | <b>480,774</b>    | <b>73,339</b>    | <b>117,257</b>  | <b>20,506</b>       | <b>18,905</b>                  | <b>710,781</b>                 |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>(46,541)</b>   | <b>54,908</b>    | <b>(1,182)</b>  | <b>23,136</b>       | <b>30,812</b>                  | <b>-</b>                       |
| <b>OTHER FINANCING SOURCES/USES</b>                          |                   |                  |                 |                     |                                |                                |
| Fund Transfers In                                            | 46,000            | -                | -               | -                   | -                              | 46,000                         |
| Fund Transfers (Out)                                         | -                 | -                | -               | -                   | (46,000)                       | (46,000)                       |
| <b>Total Other financial Sources/Uses</b>                    | <b>46,000</b>     | <b>-</b>         | <b>-</b>        | <b>-</b>            | <b>(46,000)</b>                | <b>-</b>                       |
| <b>NET CHANGES IN FUND BALANCES</b>                          | <b>(541)</b>      | <b>54,908</b>    | <b>(1,182)</b>  | <b>23,136</b>       | <b>(15,188)</b>                | <b>61,133</b>                  |
| <b>FUND BALANCE:</b>                                         |                   |                  |                 |                     |                                |                                |
| Beginning of the Year                                        | 113,099           | 33,997           | 10,833          | 143,357             | 67,873                         | 369,159                        |
| Prior Period Adjustment                                      | 45,920            | -                | -               | -                   | (45,920)                       | -                              |
| <b>End of the Year</b>                                       | <b>\$ 158,478</b> | <b>\$ 88,905</b> | <b>\$ 9,651</b> | <b>\$ 166,493</b>   | <b>\$ 6,765</b>                | <b>\$ 430,292</b>              |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

East Glacier Park School District No. 50  
Glacier County  
East Glacier Park, MT 59438

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
as of June 30, 2014

|                                                                                         |              |                |
|-----------------------------------------------------------------------------------------|--------------|----------------|
| Net Changes in Fund Balance                                                             | \$           | 61,133         |
| Revenues on the Statement of Activity not included in governmental funds statement:     |              |                |
| Increase (decrease) in taxes receivable                                                 |              | 16,897         |
| Expenses on the Statement of Activity not included in the governmental funds statement: |              |                |
| Depreciation Expense                                                                    | (8,075)      |                |
| (Increase) decrease in compensated absence liability                                    | <u>1,150</u> | <u>(6,925)</u> |
| Change in net position reported on the Statement of Activity                            | \$           | <u>71,105</u>  |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 as of June 30, 2014

|                                   | Private Purpose  |               |
|-----------------------------------|------------------|---------------|
|                                   | Trust Funds      | Agency Funds  |
| <b>ASSETS:</b>                    |                  |               |
| Current Assets:                   |                  |               |
| Cash and Cash Equivalents         | \$ 16,090        | \$ 33,232     |
| Total Assets                      | <u>16,090</u>    | <u>33,232</u> |
| <b>LIABILITIES:</b>               |                  |               |
| Current Liabilities               |                  |               |
| Warrants Payable                  | -                | 33,149        |
| Due to Others                     | -                | 83            |
| Total Liabilities                 | <u>-</u>         | <u>33,232</u> |
| <b>NET POSITION:</b>              |                  |               |
| Restricted for Student Activities | <u>16,090</u>    |               |
| Total Net Position                | <u>\$ 16,090</u> |               |

STATEMENT OF CHANGES IN FIDUCIARY NET  
 FIDUCIARY FUNDS  
 as of June 30, 2014

|                                  | Private Purpose  |
|----------------------------------|------------------|
|                                  | Trust Funds      |
| <b>ADDITIONS:</b>                |                  |
| Revenues from Student Activities | \$ 9,589         |
| Total Additions                  | <u>9,589</u>     |
| <b>DEDUCTIONS:</b>               |                  |
| Expenses of Student Activities   | <u>6,554</u>     |
| Total Deductions                 | <u>6,554</u>     |
| CHANGE IN NET POSITION           | <u>3,035</u>     |
| <b>NET POSITION:</b>             |                  |
| Beginning of the Year            | <u>13,055</u>    |
| End of the Year                  | <u>\$ 16,090</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE FINANCIAL STATEMENTS  
Fiscal Year-Ended June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

The basic financial statements of School District No. 50 have been prepared on a prescribed basis of accounting that demonstrates compliance with the accounting and budget laws of the State of Montana, which conforms to generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

During fiscal year 2014, the school district adopted following GASB statements:

- GASB Statement No. 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The amendment revised existing guidance for financial report of pension systems for state and local government. The statement is applicable for fiscal year 2014. This statement affects the applicable retirement plan administration at the State level and did not have any effect on the district.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations. The statement is applicable for fiscal year 2014. The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The district is not merging with another district or ceasing to exist. This statement has no effect on the financial statements.
- GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees. The statement is applicable for fiscal year 2014. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The district has not extend any financial guarantees to other parties. This statement has no effect on the financial statements.

School District No. 50 consists of an elementary district which provides education for kindergarten through eighth grade. The board of trustees is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations.

The criteria for including organizations as component units within the District's reporting entity is set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) "Codification of Government Accounting and Financial Reporting Standards." The basic criteria include appointing a voting majority of an organization's governing body, as well as the District's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the District. Based on those criteria this district has no component units.

1. b. BASIS OF PRESENTATION AND ACCOUNTING

1. b. 1 GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole except for the fiduciary funds. The fiduciary funds are reported as a private purpose trust fund in the fund financial statements.

The government-wide financial statements and fiduciary fund statements report using the economic resource measurement focus and the accrual basis of accounting generally including the elimination of internal activity between or within funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. Expenses which are not directly related to a function, indirect expenses, are not charges to a function. Program revenues include:

- Charges for services such as school lunch fees and facility rental fees and
- Operating grants that are restricted to a particular functional program.

Property taxes, investment earnings, state equalization payments, and other revenue sources not properly included with program revenue are reported as general revenues.

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

1. b. 2 FUND ACCOUNTING

Fund financial statements provide information on the districts major governmental funds and a combined column for all other non-major funds. The student activity fund is displayed as fiduciary funds. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the entity-wide statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statement of these funds present net increases and de-creases in current assets. Revenues are recorded when they are both measurable and available. Available means collectible within the current period anything collected after June 30 are generally not material. Unavailable income are recorded in governmental funds for delinquent taxes. Expenditures are recorded when the related fund liability is incurred except for compensated absence payments which are recognized when due.

Revenues from local sources consist primarily of property taxes. Property tax revenue and revenues received from the State of Montana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Cost reimbursement grant funds are considered to be both measurable and available to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received and the expenditure has not been incurred they are recorded as unearned grant revenues because the revenues are available.

GASB Statement No. 34 requires the general fund be reported as a major fund. Other individual governmental should be reported in separate columns as major funds based on these criteria:

- Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental funds),

In addition to funds that meet the major fund criteria, any other governmental fund that government officials believe is particularly important to financial statement users may be reported as a major fund.

The following funds are major funds of School District No. 50:

- General Fund – The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. On the GASB 34 financial statements the general fund also includes the activities of the impact aid fund and the flexibility fund since the restrictions on those funds are similar to the general fund.
- Retirement Fund – This fund is used to account for financing the employer's contribution to the Teachers' Retirement System (TRS), the Public Employees' Retirement System (PERS), Unemployment Compensation, Social Security and Medicare benefits for district employees. County wide levies to this fund are to be based upon projected salaries for the fiscal year.
- Miscellaneous Fund – This fund is used to account for local, state or federal grants and reimbursements. Donations that allow the expenditure of both principal and interest for support of district programs are deposited in this fund.
- Building Reserve Fund – This fund is used to account for financing voter approved building or construction projects funded with district mill levies. This includes raising money for the future construction, equipping, or enlarging of school buildings and for the purpose of purchasing land needed for school purposes in the district.

1. b. 3 OTHER FUND TYPES

Trust Funds – The Trust Fund accounts for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Trustees. This accounting reflects the District's trust relationship with the student activity organizations.

Agency Funds – The Agency Funds generally are used to account for assets that the School District holds on behalf of others as their agent in the payroll and claims clearing funds. Cash is held for warrants which were written but have not been paid by the County Treasurer.

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

1. c. ASSETS, LIABILITIES AND NET POSITION (FUND BALANCE)

1. c. 1 CASH AND INVESTMENTS

Cash includes amounts in demand deposits, as well as short-term investments as authorized by State statutes. Montana Code Annotated (MCA) allows Montana local governments to invest public money not necessary for immediate use in United States government treasury bills, notes, bonds; certain United States treasury obligations; United States government security money market fund if investments consist of those listed above; time or savings deposits with a bank, savings and loan association, or credit union which is FDIC, FSLIC, or NCUA insured and are located in the state; or in repurchase agreements as authorized by MCA, or Montana Board of Investments Short Term Investment Pool (STIP). Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. Investments are recorded at fair market value.

Information regarding the collateral and security for cash is not available to the District. However, State statute requires that United State government securities or agencies be held as collateral to secure deposits of public funds in excess of Federal Deposit Insurance Corporation (FDIC) insurance. The external investment pool is audited as part of Glacier County's financial statements. This investment pool is not registered with or monitored by the Securities and Exchange Commission (SEC).

1. c. 2 TAXES

Property taxes are collected by the County Treasurer who credits to the School District funds their respective share of the collections. The tax levies are collectible in two installments, which become delinquent after November 30 and May 31. Property taxes are liens upon the property being taxed. After a period of three years, the County may begin foreclosure proceedings and sell the property at auction. The School District receives its share of the sale proceeds of any such auction.

1. c. 3 INVENTORIES

Materials, supplies and food inventory at year end was not material so all inventory was included as expenditures at the time of purchase.

1. c. 4 CAPITAL ASSETS

The District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Historical cost was established at the initial booking of the capital assets by determining actual costs or estimating using standard costing procedures. The District considers capital assets to be items in excess of \$5,000 with a useful life in excess of one year. The costs of normal maintenance and repair are not capitalized. Depreciation on capital assets is provided over their estimated useful lives on the straight-line method. The useful lives of these assets have been estimated as follows:

|                         |               |
|-------------------------|---------------|
| Buildings               | 25 – 50 years |
| Machinery and Equipment | 5 – 8 years   |

1.c. 5 VACATION AND SICK LEAVE

School District employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. School District employees earn vacation leave at the rate of 15 days per year during the first 10 years of employment, and at increasing rates thereafter to a maximum of 24 days per year after 20 years of employment. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is the amount earned in the most recent two-year period. At termination, employees are paid for any accumulated vacation leave at the current rate of pay. School District employees earn sick leave at the rate of one day per month. There is no limit on the accumulation of unused sick leave. However, upon termination, only 25% of accumulated sick leave is paid. Certified staff earn 14 days per year to a maximum of 60 days and are paid \$60 per day upon termination.

Liabilities incurred because of unused vacation and sick leave accumulated by employees are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds and when accrued on the statement of activities. The amount expected to be paid within one year is \$4,856 and it is generally paid out of the general fund. The accrued liability for sick and vacation leave at June 30, 2014 was \$23,692.

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

1.c. 6 NET POSITION AND FUND BALANCE

Statement of Net Position include the following:

- Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted – The component of net position that is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – The difference between the assets and liabilities that is not reported in the other element of net position.

Governmental fund financial statements include the following fund balances:

- Restricted - Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Unassigned - Amounts that are available for any purpose; these amounts are reported only in the general fund.

As of June 30, 2014, fund balance components other than unassigned fund balance consist of the following:

| <u>Purpose</u>                   | <u>Restricted</u> |
|----------------------------------|-------------------|
| Operations and Maintenance       | \$ 166,493        |
| Student Transportation           | 2,141             |
| School Food                      | 3,246             |
| Third Party Grantor Restrictions | 9,651             |
| Employer Retirement Benefits     | 88,905            |
| Future Technology                | 1,378             |
| Total                            | <u>\$ 271,814</u> |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2014, the summary of cash, cash equivalents for governmental and fiduciary funds is as follows:

| <u>Account Type</u>       | <u>Governmental<br/>Activities</u> | <u>Fiduciary<br/>Funds</u> | <u>Total</u>      |
|---------------------------|------------------------------------|----------------------------|-------------------|
| Cash and Cash Equivalents | <u>\$ 429,848</u>                  | <u>\$ 49,322</u>           | <u>\$ 479,170</u> |

The carrying amount of cash on hand, deposits and investments at June 30, 2014, is as follows:

|                        | <u>Amount</u>     |
|------------------------|-------------------|
| Cash on Hand           | \$ 200            |
| Demand Accounts        | 16,090            |
| County Investment Pool | 462,880           |
| Total                  | <u>\$ 479,170</u> |

Cash resources of the District are held and managed by the Glacier County treasurer. They are combined with cash resources of other governmental entities within Glacier County to form a pool of cash and cash equivalents. Investments of pooled cash consist primarily of repurchase agreement and U.S. government securities and are carried at fair value. The cash of the extracurricular funds is held separately by the school district, not at the county, and is covered by FDIC.

NOTE 3. TAXES RECEIVABLE

The assessed value of the roll as of January 1, 2013, upon which the levy for the 2014 fiscal year was based, was \$2,135,268. The tax rates assessed for the year ended June 30, 2014 to finance District operations and applicable taxes receivable for the district follows:

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

| <u>Elementary Fund</u> | <u>Mill Levies</u> | <u>Taxes</u>      |                |
|------------------------|--------------------|-------------------|----------------|
|                        |                    | <u>Receivable</u> |                |
| General*               | 85.70              | \$                | 127,291        |
| Transportation         | 14.05              |                   | 14,751         |
| Flexibility*           | 0                  |                   | 1,081          |
| Building Reserve*      | 21.07              |                   | 24,622         |
| Total                  | <u>120.82</u>      | \$                | <u>167,745</u> |

\* Denotes Major Funds

NOTE 4. DUE FROM OTHER GOVERNMENTS

| <u>Elementary Fund</u> | <u>Amount</u> | <u>Due From</u> | <u>Reason</u>    |
|------------------------|---------------|-----------------|------------------|
| School Food Services   | \$ 70         | State of MT     | Matching payment |

NOTE 5. CAPITAL ASSETS, DEPRECIATION AND NET CAPITAL ASSETS

5. a. At June 30, 2014, the schedule of changes in general capital assets follows:

| <u>Governmental Activities:</u>  | <u>Balance</u>      |                   |                  | <u>Adjustments/</u> | <u>Balance</u>       |
|----------------------------------|---------------------|-------------------|------------------|---------------------|----------------------|
|                                  | <u>July 1, 2013</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Transfers</u>    | <u>June 30, 2014</u> |
| <u>Non-Depreciable:</u>          |                     |                   |                  |                     |                      |
| Land                             | \$ 1,000            | \$ 0              | \$ 0             | \$ 0                | \$ 1,000             |
| <u>Depreciable:</u>              |                     |                   |                  |                     |                      |
| Buildings                        | \$ 79,166           | \$ 0              | \$ 0             | \$ 0                | \$ 79,166            |
| Major Equipment                  | 81,684              | 0                 | 0                | 0                   | 81,684               |
| Total Depreciable                | <u>\$ 160,850</u>   | <u>\$ 0</u>       | <u>\$ 0</u>      | <u>\$ 0</u>         | <u>\$ 160,850</u>    |
| <u>Accumulated Depreciation:</u> |                     |                   |                  |                     |                      |
| Buildings                        | \$ (64,577)         | \$ (1,567)        | \$ 0             | \$ 0                | \$ (66,084)          |
| Major Equipment                  | (55,302)            | (6,508)           | 0                | 0                   | (61,810)             |
| Total Depreciation               | <u>\$ (119,819)</u> | <u>\$ (8,075)</u> | <u>\$ 0</u>      | <u>\$ 0</u>         | <u>\$ (127,894)</u>  |
| Net Depreciable Assets           | <u>41,031</u>       | <u>(8,075)</u>    | <u>0</u>         | <u>0</u>            | <u>32,956</u>        |
| Net Governmental Capital Assets  | <u>\$ 42,031</u>    | <u>\$ (8,075)</u> | <u>\$ 0</u>      | <u>\$ 0</u>         | <u>\$ 33,956</u>     |

5. b. General capital asset depreciation expense was charged to governmental functions as follows:

| <u>Function</u>            | <u>Amount</u>   |
|----------------------------|-----------------|
| Instructional              | \$ 1,071        |
| School Food                | 1,000           |
| Unallocated                | 6,004           |
| Total Depreciation Expense | <u>\$ 8,075</u> |

NOTE 6. EMPLOYEE RETIREMENT SYSTEM

The School District participates in two state-wide, cost-sharing multiple employer defined benefit retirement plans which cover all School District employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers teaching employees, including administrators and aides. The Public Employee Retirement System (PERS) covers nonteaching employees. The plans are established under State law and are administered by the State of Montana.

Both plans issue publicly available annual reports that include financial statements and required supplemental information for the plans. Those reports may be obtained from the following:

Teachers Retirement System  
P.O. Box 200139  
1500 Sixth Avenue  
Helena, MT 59620-0139  
Phone: 406-444-3134  
www.trs.doa.state.mt.us

Public Employees Retirement System  
P.O. Box 200131  
1712 Ninth Avenue  
Helena, MT 59620-0131  
Phone: 406-444-3154  
www.state.mt.us/doa/perb/prb.htm

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

The PERS rates for employees was 7.9%. The PERS rate for the State was set at .37%. For the defined contribution plan the rates are the same except only 4.19% of the employer amount is added to the employee account. Employees who elect the defined contribution plan are in control of their investments and the retirement is based upon the cash in their fund. The PERS rate for employers was 7.8%. The TRS rates for employees was 8.15% and the State was set at 2.49%. The TRS rate for employers was 8.47%. The State's contribution to the retirement system qualifies as an on-behalf payment and has not been reported in the District's financial statements.

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

|       | <u>2012</u>     | <u>2013</u>     | <u>2014</u>     |
|-------|-----------------|-----------------|-----------------|
| TRS   | \$42,044        | \$47,302        | \$55,215        |
| PERS  | <u>20,134</u>   | <u>20,499</u>   | <u>24,395</u>   |
| Total | <u>\$62,178</u> | <u>\$67,801</u> | <u>\$79,610</u> |

NOTE 7. RISK MANAGEMENT

The School District is exposed to various types of risk 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. Several methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and contents damage, employee torts, professional liabilities, and employee medical insurance. The district has joined with other districts throughout the state into an interlocal common risk pool to insure workers compensation for all participating districts in a self-insurance pool. The Workers Compensation Risk Retention Program is managed by a board of directors elected annually. Members are responsible for fully funding the Workers Compensation Risk Retention Program through the payment of annual premiums accessed. There is no other liability to the district other than timely payments of premiums. The district can withdraw from the Workers Compensation Risk Retention Program with 60 days' notice at any time. The District has no coverage for potential losses from environmental damages.

Levels of insurance have not changed materially from the prior year and settlements have not exceeded insurance coverage limits during the current or each of the two previous years.

NOTE 8. CHANGES IN LONG-TERM DEBT

8. a At June 30, 2014, the schedule of changes in general Long-Term debt follows:

| <u>Governmental Activities</u> | <u>Balance</u><br><u>July 1, 2013</u> | <u>New Debt</u><br><u>and Other</u><br><u>Additions</u> | <u>Payments</u><br><u>and Other</u><br><u>Reductions</u> | <u>Balance</u><br><u>June 30, 2014</u> | <u>Due within</u><br><u>One Year</u> |
|--------------------------------|---------------------------------------|---------------------------------------------------------|----------------------------------------------------------|----------------------------------------|--------------------------------------|
| <u>Other Liabilities:</u>      |                                       |                                                         |                                                          |                                        |                                      |
| Compensated Absences           | <u>\$ 24,842</u>                      | <u>\$ 0</u>                                             | <u>\$ 1,150</u>                                          | <u>\$ 23,692</u>                       | <u>\$ 4,856</u>                      |

NOTE 9. DEFERRED INFLOWS OF RESOURCES

9. a. PROPERTY TAXES

| <u>Elementary Fund</u> | <u>Amount</u>     | <u>Reason</u>    |
|------------------------|-------------------|------------------|
| General*               | \$ 127,291        | Taxes Receivable |
| Transportation         | 14,751            | Taxes Receivable |
| Flexibility*           | 1,081             | Taxes Receivable |
| Building Reserve*      | <u>24,622</u>     | Taxes Receivable |
| Total                  | <u>\$ 167,745</u> |                  |

\* Denotes Major Funds

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Fiscal Year-Ended June 30, 2014

NOTE 10. PRIOR PERIOD ADJUSTMENTS

| <u>Elementary Fund</u> | <u>Amount</u>   | <u>REASON</u>                                                                            |
|------------------------|-----------------|------------------------------------------------------------------------------------------|
| General*               | \$ 45,919       | To include the Flexibility fund in the general fund due to similar spending limitations. |
| Flexibility*           | <u>(45,919)</u> | As noted above.                                                                          |
| Total                  | <u>\$ 0</u>     |                                                                                          |

\* Denotes Major Funds

NOTE 11. TRANSFERS

| <u>Elementary Fund - From</u> | <u>Amount</u> | <u>Elementary Fund - To</u>            |
|-------------------------------|---------------|----------------------------------------|
| Transportation                | \$ 46,000     | Flexibility - voter approved transfer. |

NOTE 12. OTHER POST EMPLOYMENT BENEFITS

The District allows retirees to remain on the group health insurance plan. The District uses a single premium for both active and retired employees resulting in an implicit rate subsidy (the older retiree benefits from the City's blended premium). The District has not recorded a liability for the implicit rate subsidy as based on an analysis of the cost it is not material to the District's financial statements. At June 30, 2014 the District had no retired employees on the group insurance plan.

East Glacier Park School District No. 50  
 Glacier County  
 East Glacier Park, MT 59438

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 (Budget and Actual)  
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
 as of June 30, 2014

|                                                              | General Fund       |                 |                  | Retirement         |                 |                  |
|--------------------------------------------------------------|--------------------|-----------------|------------------|--------------------|-----------------|------------------|
|                                                              | Original<br>Budget | Final<br>Budget | Actual           | Original<br>Budget | Final<br>Budget | Actual           |
| <b>REVENUES:</b>                                             |                    |                 |                  |                    |                 |                  |
| District Levies                                              | \$ 182,980         | \$ 182,980      | \$ 175,330       | \$ -               | \$ -            | \$ -             |
| Interest                                                     | 365                | 365             | 219              | -                  | -               | 244              |
| Other                                                        | -                  | -               | -                | -                  | -               | -                |
| County                                                       | -                  | -               | -                | 128,003            | 128,003         | 128,003          |
| State                                                        | 182,764            | 182,764         | 182,764          | -                  | -               | -                |
| <b>Total Revenues</b>                                        | <b>366,109</b>     | <b>366,109</b>  | <b>358,313</b>   | <b>128,003</b>     | <b>128,003</b>  | <b>128,247</b>   |
| <b>EXPENDITURES:</b>                                         |                    |                 |                  |                    |                 |                  |
| <b>Current</b>                                               |                    |                 |                  |                    |                 |                  |
| Instructional Services                                       |                    |                 | 224,518          | 106,274            | 106,274         | 44,613           |
| Support Services                                             |                    |                 | 6,001            | 719                | 719             | 719              |
| Educational Media Services                                   |                    |                 | -                | 94                 | 94              | 94               |
| General Administrative Services                              |                    |                 | 41,765           | 16,005             | 16,005          | 16,005           |
| Operation & Maintenance Services                             |                    |                 | 52,631           | 6,657              | 6,657           | 6,657            |
| School Food Services                                         |                    |                 | 31,314           | 4,865              | 4,865           | 4,865            |
| Extracurricular                                              |                    |                 | -                | 386                | 386             | 386              |
| Other Current Charges                                        |                    |                 | -                | -                  | -               | -                |
| <b>Total Expenditures</b>                                    | <b>366,109</b>     | <b>366,109</b>  | <b>356,229</b>   | <b>135,000</b>     | <b>135,000</b>  | <b>73,339</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>-</b>           | <b>-</b>        | <b>2,084</b>     | <b>(6,997)</b>     | <b>(6,997)</b>  | <b>54,908</b>    |
| <b>OTHER FINANCING SOURCES/USES</b>                          |                    |                 |                  |                    |                 |                  |
| Fund Transfers In                                            |                    |                 | -                | -                  | -               | -                |
| <b>Total Other financial Sources/Uses</b>                    | <b>-</b>           | <b>-</b>        | <b>-</b>         | <b>-</b>           | <b>-</b>        | <b>-</b>         |
| <b>NET CHANGES IN FUND BALANCES</b>                          | <b>-</b>           | <b>-</b>        | <b>2,084</b>     | <b>(6,997)</b>     | <b>(6,997)</b>  | <b>54,908</b>    |
| <b>FUND BALANCE:</b>                                         |                    |                 |                  |                    |                 |                  |
| Beginning of the Year                                        |                    |                 | 48,414           |                    |                 | 33,997           |
| End of the Year                                              |                    |                 | <u>\$ 50,498</u> |                    |                 | <u>\$ 88,905</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

East Glacier Park School District No. 50  
 Glacier County  
 East Glacier Park, MT 59438

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 (Budget and Actual)  
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
 as of June 30, 2014

|                                                      | Flexibility        |                  |                  |
|------------------------------------------------------|--------------------|------------------|------------------|
|                                                      | Original<br>Budget | Final<br>Budget  | Actual           |
| REVENUES:                                            |                    |                  |                  |
| District Levies                                      | \$ -               | \$ -             | \$ -             |
| Interest                                             | 150                | 150              | 98               |
| Other                                                | -                  | -                | 3,002            |
| County                                               | -                  | -                | -                |
| State                                                | 4,743              | 4,743            | 6,533            |
| Total Revenues                                       | <u>4,893</u>       | <u>4,893</u>     | <u>9,633</u>     |
| EXPENDITURES:                                        |                    |                  |                  |
| Current                                              |                    |                  |                  |
| Instructional Services                               | 87,483             | 87,483           | 6,792            |
| Support Services                                     | -                  | -                | -                |
| Educational Media Services                           | -                  | -                | -                |
| General Administrative Services                      | 130                | 130              | 130              |
| Operation & Maintenance Services                     | 15,319             | 15,319           | 15,319           |
| School Food Services                                 | 2,881              | 2,881            | 2,881            |
| Extracurricular                                      | -                  | -                | -                |
| Other Current Charges                                | -                  | -                | -                |
| Total Expenditures                                   | <u>105,813</u>     | <u>105,813</u>   | <u>25,122</u>    |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <u>(100,920)</u>   | <u>(100,920)</u> | <u>(15,489)</u>  |
| OTHER FINANCING SOURCES/USES                         |                    |                  |                  |
| Fund Transfers In                                    | <u>55,000</u>      | <u>55,000</u>    | <u>46,000</u>    |
| Total Other financial Sources/Uses                   | <u>55,000</u>      | <u>55,000</u>    | <u>46,000</u>    |
| NET CHANGES IN FUND BALANCES                         | (45,920)           | (45,920)         | 30,511           |
| FUND BALANCE:                                        |                    |                  |                  |
| Beginning of the Year                                |                    |                  | <u>45,919</u>    |
| End of the Year                                      |                    |                  | <u>\$ 76,430</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE BUDGET VS ACTUAL SCHEDULE  
Fiscal Year-Ended June 30, 2014

NOTE 1. BUDGETS

1. a. BUDGETS

Budgets are adopted on a basis consistent with the State of Montana budget laws which are consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the general fund, budgeted special revenue funds including (Transportation, Retirement, Technology, Flexibility), and budgeted capital project funds (Building Reserve). All annual appropriations lapse at fiscal year-end, unless the School District elects to encumber supplies and personal property ordered but not received at year end.

1. a. 1 General Budget Policies:

The School District's funds are either budgeted or non-budgeted in accordance with State statutes. Budgeted funds are those of which a legal budget must be adopted to have expenditures from such funds and are noted above. All other funds are non-budgeted, meaning a legal budget is not required in order to spend the cash balance of such a fund. The Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget vs. Actual, has been prepared on the modified accrual basis of accounting and contains financial information for only the major general and special revenue fund budgeted funds. The major fund building reserve is not included in the schedule because it is not a special revenue fund and the major fund miscellaneous is not included in the schedule because it is not a non-budgeted fund.

1. a. 2 Budget Operation:

The School District operates within the budget requirements for School Districts as specified by State law. The financial report reflects the following budgetary standards:

- By the second Monday in July, the County Assessor transmits a statement of the assessed valuation and taxable valuation of all property in the School District's borders.
- Before the fourth Monday in July, the County Superintendent estimates the revenue required for each fund.
- Before the fourth Monday in August, the Board of Trustees must meet to legally adopt the final budget. The final budget for the general fund is fund total only.
- Once adopted, the budget can be amended by subsequent Board action. An increase of the total budget of a given fund requires the adoption of an amended budget in accordance with State statutes.
- According to State statutes, the expenditures of a budgeted fund may not legally exceed the adopted budget.
- At the end of a fiscal year, unencumbered appropriations lapse unless specifically obligated by the School District.

NOTE 2. BUDGET AMENDMENT

The original budget was not amended so the original budget and the final budget are the same.

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

NOTES TO THE BUDGET VS ACTUAL SCHEDULE  
Fiscal Year-Ended June 30, 2014

NOTE 3. COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL SUB-FUNDS OF THE GENERAL FUND

|                                                      | <u>Sub-fund</u><br><u>General</u><br><u>Fund</u> | <u>Sub-fund</u><br><u>Flexibility</u><br><u>Fund</u> | <u>Sub-fund</u><br><u>Impact Aid</u><br><u>Fund</u> | <u>Total</u><br><u>General</u><br><u>Fund</u> |
|------------------------------------------------------|--------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|
| <b>REVENUES:</b>                                     |                                                  |                                                      |                                                     |                                               |
| District Levies                                      | \$ 175,330                                       | \$ 0                                                 | \$ 0                                                | \$ 175,330                                    |
| Interest Earnings                                    | 219                                              | 98                                                   | 270                                                 | 587                                           |
| Other                                                | 0                                                | 3,003                                                | 0                                                   | 3,003                                         |
| State Sources                                        | 182,764                                          | 6,533                                                | 0                                                   | 189,297                                       |
| Federal                                              | 0                                                | 0                                                    | 66,016                                              | 66,016                                        |
| <b>Total Revenues</b>                                | <b><u>\$ 358,313</u></b>                         | <b><u>\$ 9,634</u></b>                               | <b><u>\$ 66,286</u></b>                             | <b><u>\$ 434,233</u></b>                      |
| <b>EXPENDITURES:</b>                                 |                                                  |                                                      |                                                     |                                               |
| Instructional Services                               | \$ 224,611                                       | 6,792                                                | 14,094                                              | 245,497                                       |
| Support Services                                     | 6,001                                            | 0                                                    | 0                                                   | 6,001                                         |
| Educational Media                                    | 0                                                | 0                                                    | 554                                                 | 554                                           |
| General Administrative                               | 41,765                                           | 130                                                  | 71,483                                              | 113,378                                       |
| Operation & Maintenance                              | 52,631                                           | 15,320                                               | 5,001                                               | 72,951                                        |
| Extracurricular                                      | 0                                                | 0                                                    | 3,018                                               | 3,018                                         |
| School Food                                          | 31,314                                           | 2,881                                                | 5,179                                               | 39,374                                        |
| <b>Total Expenditures</b>                            | <b><u>\$ 356,322</u></b>                         | <b><u>\$ 25,123</u></b>                              | <b><u>\$ 99,329</u></b>                             | <b><u>\$ 480,773</u></b>                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 1,991                                            | (15,489)                                             | (33,043)                                            | (46,541)                                      |
| Other Financing Resources/Uses<br>Fund Transfer In   | 0                                                | 46,000                                               | 0                                                   | 46,000                                        |
| <b>Net Changes In Fund Balance</b>                   | <b>1,991</b>                                     | <b>30,511</b>                                        | <b>(33,043)</b>                                     | <b>(541)</b>                                  |
| <b>FUND BALANCE:</b>                                 |                                                  |                                                      |                                                     |                                               |
| Beginning of the Year                                | <u>48,507</u>                                    | <u>45,919</u>                                        | <u>64,594</u>                                       | <u>159,019</u>                                |
| Ending of the Year                                   | <u>50,498</u>                                    | <u>76,430</u>                                        | <u>31,549</u>                                       | <u>158,478</u>                                |

In the reconciliation the general fund, flexibility fund and impact aid fund are added together to get to the aggregate general fund shown as a major fund on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds. The flexibility fund and impact aid fund are maintained as special revenue funds for accounting purposes, however, for external financial reporting they are added to the general fund because they have unassigned fund balance like the general fund.

On the Statement of Revenues, Expenditures, and Changes in Fund Balance (Budget and Actual) All Budgeted Major Governmental Funds the general fund and flexibility fund are shown because they are reported as major funds and have legally adopted budgets. The impact aid fund are non-budgeted fund.

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

SCHEDULE OF REPORTED ENROLLMENT  
Fiscal Year-Ended June 30, 2014

FALL ENROLLMENT - OCTOBER, 2013

| Elementary        | <u>Reported</u> | <u>Audited</u> | <u>Variance</u> |
|-------------------|-----------------|----------------|-----------------|
| Kindergarten Full | 4               | 4              | 0               |
| Grade 1 - 6       | 27              | 27             | 0               |
| Grade 7 - 8       | <u>6</u>        | <u>6</u>       | <u>0</u>        |
| Total             | <u>37</u>       | <u>37</u>      | <u>0</u>        |

| Part-time Students  |          |          |          |
|---------------------|----------|----------|----------|
| Less than 181 hours | 0        | 0        | 0        |
| Less than 359 hours | 0        | 0        | 0        |
| Less than 539 hours | 0        | 0        | 0        |
| Less than 719 hours | <u>0</u> | <u>0</u> | <u>0</u> |
| Total               | <u>0</u> | <u>0</u> | <u>0</u> |

WINTER ENROLLMENT - DECEMBER, 2013

| Elementary        | <u>Reported</u> | <u>Audited</u> | <u>Variance</u> |
|-------------------|-----------------|----------------|-----------------|
| Kindergarten Full | 4               | 4              | 0               |
| Grade 1 - 6       | 29              | 29             | 0               |
| Grade 7 - 8       | <u>7</u>        | <u>7</u>       | <u>0</u>        |
| Total             | <u>40</u>       | <u>40</u>      | <u>0</u>        |

| Part-time Students  |          |          |          |
|---------------------|----------|----------|----------|
| Less than 181 hours | 0        | 0        | 0        |
| Less than 359 hours | 0        | 0        | 0        |
| Less than 539 hours | 0        | 0        | 0        |
| Less than 719 hours | <u>0</u> | <u>0</u> | <u>0</u> |
| Total               | <u>0</u> | <u>0</u> | <u>0</u> |

SPRING ENROLLMENT - FEBRUARY, 2014

| Elementary        | <u>Reported</u> | <u>Audited</u> | <u>Variance</u> |
|-------------------|-----------------|----------------|-----------------|
| Kindergarten Full | 4               | 4              | 0               |
| Grade 1 - 6       | 30              | 30             | 0               |
| Grade 7 - 8       | <u>7</u>        | <u>7</u>       | <u>0</u>        |
| Total             | <u>41</u>       | <u>41</u>      | <u>0</u>        |

| Part-time Students  |          |          |          |
|---------------------|----------|----------|----------|
| Less than 181 hours | 0        | 0        | 0        |
| Less than 359 hours | 0        | 0        | 0        |
| Less than 539 hours | 0        | 0        | 0        |
| Less than 719 hours | <u>0</u> | <u>0</u> | <u>0</u> |
| Total               | <u>0</u> | <u>0</u> | <u>0</u> |

EAST GLACIER PARK SCHOOL DISTRICT NO. 50

SCHEDULE OF REVENUES, EXPENSES AND BALANCES EXPENDABLE TRUST – STUDENT ACTIVITY FUNDS  
Fiscal Year-Ended June 30, 2014

| Activity Account Name      | Beginning<br>Balance<br>7/1/2013 | Revenues        | Expenses        | Transfers   | Ending<br>Balance<br>6/30/2014 |
|----------------------------|----------------------------------|-----------------|-----------------|-------------|--------------------------------|
| FIELD TRIP                 | 1,467                            | 674             | 200             | 0           | 1,941                          |
| STUDENT ASSISTANCE         | 1,119                            | 0               | 0               | 0           | 1,119                          |
| SPORTS                     | 340                              | 0               | 0               | 0           | 340                            |
| DOWNHILL SKI               | 936                              | 2,030           | 1,794           | 0           | 1,172                          |
| MISSOULA CHILDRENS THEATRE | 6,733                            | 2,600           | 2,336           | 0           | 6,997                          |
| 8TH GRADE CLASS            | 799                              | 894             |                 | 0           | 1,693                          |
| PLAYGROUND EQUIPMENT       | <u>1,660</u>                     | <u>3,391</u>    | <u>2,224</u>    | <u>0</u>    | <u>2,827</u>                   |
| <i>Total</i>               | <u>\$ 13,055</u>                 | <u>\$ 9,589</u> | <u>\$ 6,554</u> | <u>\$ 0</u> | <u>\$ 16,090</u>               |

STROM & ASSOCIATES, PC  
Certified Public Accountants  
P.O. Box 1980  
Billings, Montana 59103

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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*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
East Glacier Park School District No. 50  
Glacier County  
East Glacier Park, MT 59438

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 *Governmental 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 East Glacier Park School District No. 50 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the East Glacier Park School District No. 50's basic financial statements and have issued our report thereon dated October 10, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered East Glacier Park School District No. 50's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether East Glacier Park School District No. 50's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Strom & Associates, P.C.*

STROM & ASSOCIATES, PC  
Billings, Montana  
October 10, 2014

STROM & ASSOCIATES, PC  
Certified Public Accountants  
P.O. Box 1980  
Billings, Montana 59103

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SCHEDULE OF FINDINGS AND RESPONSES

There were no findings or recommendations in the audit report.