

MOORE SCHOOL DISTRICT NO. 44

**FERGUS COUNTY
MOORE, MONTANA**

FINANCIAL AND COMPLIANCE REPORT

Fiscal year Ended June 30, 2014

Strom & Associates, P. C.
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Billings, Montana 59103

Moore School District No. 44
Fergus County
Moore, Montana 59464

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Moore School District No. 44
Fergus County
Moore, Montana 59464

ORGANIZATION

BOARD OF TRUSTEES

Lisa Gilbert	Chair
Dan Horan	Vice Chair
Ruth Hertel	Trustee
Rick Barman	Trustee
Jeremy Pulse	Trustee

OFFICIALS

Denise Chrest	Superintendent
Cindy Barta	District Clerk
Rhonda Long	County Superintendent
Thomas Meissner	County Attorney

Moore School District #44
Management Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014

The following is a Management Discussion and Analysis to give the reader of these statements an overview of the financial position and activities of the school district for the fiscal year ended June 30, 2014. Certain comparative information between the current year and the prior year is required in the MD&A.

Using This Financial Report

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

Reporting the School District as a Whole

The report includes both the elementary and high school districts as a whole. These statements are based on the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

- A. The Statement of Net Position, page 10 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 categorized assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in “fixed” or “capital” assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.
- B. The Statement of Activities, page 11 shows the amounts of program-specific and general school district revenues used to support the school district’s various functions.

The Statement of Net Position and the Statement of Activities divide the activities of the school district into three categories:

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

Proprietary (business-type) activities – Student activity funds and school foods fund.

Component units – The district is the fiscal host for the Central Montana Special Education Cooperative. Although operated under a separate management board, the school district is fiscally responsible for the operations of the cooperative.

Reporting the District's Most Significant Funds

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

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

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

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

Reporting the District's Trust and Fiduciary Responsibilities

The district is the trustee for the Matthews Memorial Endowment, the General Endowment, and the student extracurricular funds. The district began a new intercap loan for the roof replacement in 2009.

This report includes the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position, page 15 because the district cannot use these assets to fund its operations.

The district is responsible for ensuring these assets are used for their intended purposes.

Budget-to-Actual Comparisons

The budgetary comparison schedules on page 26 - 30 show how actual expenditures compared to the original and final budgeted expenditures for the general fund.

The following significant variances between the final expenditure budget and the actual expenditures exist:

District levies revenue – A negative variance of \$79,865. Exists because of a decrease in the district tax levies received due to state increase funding.

Interest earnings – Interest is still very low. Total interest received was \$1346.

State sources – A positive variance of \$51,369.exists because of increased state funding.

Total expenditures – A positive variance of \$27,347., which shows the expenditures were less than the budgeted amount.

THE DISTRICT AS A WHOLE

Net Position may serve over time as a useful indicator of a government's financial position. In the District, the total Net Position increased \$20,672. (1.65%) from the previous year. The district purchased Mini i-pads for all the elementary students, added new lockers, installed a new telephone system, did some parking lot repairs, purchased a color copier, purchased a new oven and purchased a new bus. The long term liabilities decreased due to not as many encumbrances. Most of the assets are the capital assets which consist of land, building, machinery and improvements.

Moore School District				
Condensed Statement of Net Position				
NET POSITION	Governmental Activities			
	2014	2013	CHANGE	% CHANGE
Current Assets	\$623,368	\$603,613	\$19,755	3.27%
Capital Assets, net	<u>824,959</u>	<u>837,071</u>	<u>(12,112)</u>	<u>-1.45%</u>
Total Assets	<u>1,448,327</u>	<u>1,440,684</u>	<u>7,643</u>	<u>0.53%</u>
Current Liabilities	25,916	25,190	726	2.88%
Long Term Liabilities	<u>151,909</u>	<u>165,664</u>	<u>(13,755)</u>	<u>-8.30%</u>
Total Liabilities	177,825	190,854	(13,029)	-6.83%
Net Position:				
Net Invest. in Capital Assets	716,959	819,071	(102,112)	-12.47%
Restricted	385,834	385,995	(161)	-0.04%
Unrestricted	<u>167,709</u>	<u>44,764</u>	<u>122,945</u>	<u>274.65%</u>
Total Net Position	<u>1,270,502</u>	<u>1,249,830</u>	<u>20,672</u>	<u>1.65%</u>

CHANGES IN NET POSITION Governmental Activities

Revenues	2014	2013	CHANGE	% CHANGE
Program Revenues:				
Charges for Services	33,458	18,940	14,518	76.65%
Operating Grants	217,179	186,734	30,445	16.30%
General Revenues:				
District Levies	651,574	690,546	(38,972)	-5.64%
State Equalization	497,931	453,014	44,917	9.92%
Other State Revenues	202,952	212,509	(9,557)	-4.50%
County	144,941	114,077	30,864	27.06%
Interest	3,707	3,790	(83)	-2.19%
Other	1,000	2,439	(1,439)	-59.00%
Total Revenues	1,752,742	1,682,049	70,693	4.20%
Program Expenses				
Instructional Services	1,058,191	900,681	157,510	17.49%
Educational Media Services	1,228	1,170	58	4.96%
General Administrative Services	237,073	206,606	30,467	14.75%
Operation & Maintenance Services	196,065	183,768	12,297	6.69%
Transportation Services	128,486	125,060	3,426	2.74%
School Food Services	69,205	70,944	(1,739)	-2.45%
Extracurricular	44,197	38,537	5,660	14.69%
Interest and other charges	1,170	1,687	(517)	-30.65%
Total Expenses	1,735,615	1,528,453	207,162	13.55%
Gain on sale of fixed assets	3,545	-	3,545	100.00%
Change in Net Position	20,672	153,596	(136,469)	

The revenues increased by \$70,693. (4.2%), and our expenses increased by \$207,162. (13.55%). This caused a decrease in the net position of \$136,469.

The districts total revenues for the fiscal year ended June 30, 2014 were \$1,752,742. The total cost of all programs and services was \$1,735,615. which generated an increase in net position of \$20,672. District taxpayers paid approximately \$651,574. of the \$1,752,742. (37%) in revenues.

Instruction cost increased by 17.49%. Media cost increased by 4.96%. Administration cost increased by 14.75%. Operation and maintenance service cost increased by 6.69%. Transportation increased 2.74%. School foods decreased by 2.45%. Interest on the investments decreased 30.65% from the prior year. County revenue increased 27.06%. State equalization revenue increased 9.92%. Other state revenue decreased 4.5%.

Analysis of Financial Information

Federal REAP funds for our misc. 15 funds:

	<u>2013/2014</u>	<u>2012/2013</u>	<u>Change</u>
Elementary	\$13,725.	\$14,299.	(4%)
High School	\$18,784.	\$18,759.	.1%

The REAP funds have helped with the expenses of updating books, equipment and supplies for our district. There has been a decrease in the elementary and an increase in the high school funds.

Capital Assets

As of June 30, 2014 the District had invested \$1,923,950. in capital assets including land, buildings, and machinery and equipment. Total depreciation expense for the year was \$115,199.

Land & Improvements	\$ 70,733.
Building & Improvements	\$ 1,335,789.
Machinery & Equipment	\$ 517,428.
Less Accumulated Depreciation	<u>(\$ 1,098,992)</u>
Total	\$ 824,958.

Debt Administration

A summary of the District's outstanding long-term debt for the year ended June 30, 2014 is presented below:

Compensated Absences	\$ 69,619.
Intercap Loan	<u>\$108,000.</u>
Total	\$177,619.

The interest and principal for the intercap loan for the roof was paid from district levies in the amount of \$19,169.26. (Debt Service Fund). The intercap loans were \$90,000. for both the elementary and high school plus a variable interest rate.

The District's Future

Enrollment numbers should remain about the same.

The superintendent has a two year contract with the salary the first year at \$60,000. and the second year is contingent on negotiations. The district has added another full time elementary teacher. Teacher and staff salaries will increase by 1.6%.

The district opened a multi-district account from balance of general funds to be spent as the trustees request. All extra-curricular sports will be combined with TCT (Hobson, Moore, Judith Gap). Adding automated calling system to infinite campus.

Contact for Additional Information

If you have questions about this report or need additional information, contact Cindy Barta, Clerk at the Moore School District, 509 Highland Ave., Moore, MT 59464, 406-374-2231.

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Moore School District No. 44
Fergus County
Moore, Montana 59464

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 Moore School District No. 44 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School 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 Moore School District No. 44 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 - 7) and budgetary comparison information (pages 26 - 30) 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 Moore School District No. 44's basic financial statements. The accompanying schedule of revenues, expenses and balances student activity funds (page 31) and schedule of reported enrollment (page 32) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of revenues, expenses and balances student activity funds and schedule of reported enrollment 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 revenues, expenses and balances student activity funds and schedule of reported enrollment 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 April 20, 2015 on our consideration of Moore School District No. 44 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 Moore School District No. 44 internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC
Billings, Montana
April 20, 2015

STATEMENT OF NET POSITION
 as of June 30, 2014

	<u>Governmental</u> <u>Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 608,341
Taxes Receivable	7,250
Due From Other Governments	1,400
Other Current Assets	<u>6,377</u>
Total Current Assets	<u>623,368</u>
Noncurrent Assets:	
Capital Assets:	
Land	2,670
Net Depreciable Assets	<u>822,289</u>
Total Noncurrent Assets	<u>824,959</u>
 Total Assets	 <u>\$ 1,448,327</u>
 LIABILITIES:	
Current Liabilities	
Other Liabilities	\$ 206
Current Portions Compensated Absences	7,710
Current Portion Long-Term Capital Obligations	<u>18,000</u>
Total Current Liabilities	<u>25,916</u>
Noncurrent Liabilities:	
Compensated Absences	61,909
Long-Term Capital Obligations	<u>90,000</u>
Total Noncurrent Liabilities	<u>151,909</u>
Total Liabilities	<u>177,825</u>
 NET POSITION:	
Net investment in capital assets	716,959
Restricted	385,834
Unrestricted (Deficit)	<u>167,709</u>
Total Net Position	<u>1,270,502</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 1,448,327</u>

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

STATEMENT OF ACTIVITIES
 For the year ended June 30, 2014

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charge for Services	Operating Grants and Contributions	Primary Government Governmental Activities
GOVERNMENT OPERATIONS				
Instructional Services	\$ 1,023,053	\$ 2,600	\$ 109,680	\$ (910,773)
Support Services	-	9,300	-	9,300
Educational Media Services	1,228	-	-	(1,228)
General Administrative Services	237,073	300	-	(236,773)
Operation & Maintenance Services	196,065	-	-	(196,065)
Transportation Services	128,486	-	44,954	(83,532)
School Food Services	69,205	21,258	27,407	(20,540)
Extracurricular	44,197	-	-	(44,197)
Debt Service				
Interest and other charges	1,170	-	-	(1,170)
Total Governmental Activities	<u>1,700,477</u>	<u>33,458</u>	<u>182,041</u>	<u>(1,484,978)</u>
Total Primary Government	<u>\$ 1,700,477</u>	<u>\$ 33,458</u>	<u>\$ 182,041</u>	<u>\$ (1,484,978)</u>
GENERAL REVENUES				
District Levies				651,574
State Equalization				497,931
Other State Revenues				202,952
County				144,941
Interest				3,707
Other				1,000
Gain loss on Sale of Assets				3,545
Total General Revenues				<u>1,505,650</u>
Change in Net Position				20,672
Net Position				
Beginning of the Year				<u>1,249,830</u>
End of the Year				<u>\$ 1,270,502</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.

BALANCE SHEET
 GOVERNMENTAL FUNDS
 as of June 30, 2014

	MAJOR				Total Governmental Funds
	General	Bus Depreciation (Elem.)	Bus Depreciation (HS)	Other Governmental Funds	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 235,151	\$ 65,766	\$ 79,412	\$ 228,012	\$ 608,341
Taxes Receivable	5,099	301	326	1,524	7,250
Due From Other Governments	-	-	-	1,400	1,400
Other Current Assets	-	-	-	6,377	6,377
Total Assets	\$ 240,250	\$ 66,067	\$ 79,738	\$ 237,313	\$ 623,368
LIABILITIES:					
Current Liabilities					
Other Liabilities	206	-	-	-	206
Total Liabilities	206	-	-	-	206
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes Receivable	5,099	301	326	1,524	7,250
Total Deferred Inflows of resources	5,099	301	326	1,524	7,250
FUND BALANCE:					
Fund Balances:					
Restricted	-	65,766	79,412	235,886	381,064
Assigned	23,614	-	-	-	23,614
Unassigned:	211,331	-	-	(97)	211,234
Total Fund Balance	234,945	65,766	79,412	235,789	615,912
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 240,250	\$ 66,067	\$ 79,738	\$ 237,313	\$ 623,368

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance reported above	\$ 615,912
Governmental Capital Assets	824,959
Long-term Liabilities	
Compensated Absences	(69,619)
Long-Term Capital Obligations	(108,000)
Unavailable Property Taxes Receivable	7,250
Net Position of Governmental Activities	\$ 1,270,502

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
 For the year ended June 30, 2014

	MAJOR				Total Governmental Funds
	General	Bus Depreciation (Elem.)	Bus Depreciation (HS)	Other Governmental Funds	
REVENUES:					
District Levies	\$ 464,222	\$ 28,855	\$ 29,246	\$ 139,181	\$ 661,504
Interest	1,484	443	478	1,302	3,707
Charges for Services	-	-	-	33,458	33,458
Other	1,000	-	-	-	1,000
County	-	-	-	167,418	167,418
State	721,275	-	-	34,655	755,930
Federal	-	-	-	104,517	104,517
Total Revenues	<u>1,187,981</u>	<u>29,298</u>	<u>29,724</u>	<u>480,531</u>	<u>1,727,534</u>
EXPENDITURES:					
Current					
Instructional Services	775,436	-	-	223,533	998,969
Educational Media Services	667	-	-	561	1,228
General Administrative Services	159,323	-	-	68,810	228,133
Operation & Maintenance Services	148,928	-	-	16,869	165,797
Transportation Services	8,242	-	-	68,680	76,922
School Food Services	21,135	-	-	46,172	67,307
Extracurricular	37,534	-	-	3,163	40,697
Debt Service					
Principal	-	-	-	18,000	18,000
Interest and other charges	-	-	-	1,170	1,170
Capital Outlay	29,658	24,000	24,000	22,429	100,087
Total Expenditures	<u>1,180,923</u>	<u>24,000</u>	<u>24,000</u>	<u>469,387</u>	<u>1,698,310</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>7,058</u>	<u>5,298</u>	<u>5,724</u>	<u>11,144</u>	<u>29,224</u>
OTHER FINANCING SOURCES/USES					
Sale of Capital Assets	-	-	-	545	545
Fund Transfers In	-	-	-	1,391	1,391
Fund Transfers (Out)	(1,391)	-	-	-	(1,391)
Total Other financial Sources/Uses	<u>(1,391)</u>	<u>-</u>	<u>-</u>	<u>1,936</u>	<u>545</u>
NET CHANGES IN FUND BALANCES					
	<u>5,667</u>	<u>5,298</u>	<u>5,724</u>	<u>13,080</u>	<u>29,769</u>
FUND BALANCE:					
Beginning of the Year	206,014	60,468	73,688	245,973	586,143
Prior Period Adjustments	23,264	-	-	(23,264)	-
End of the Year	<u>\$ 234,945</u>	<u>\$ 65,766</u>	<u>\$ 79,412</u>	<u>\$ 235,789</u>	<u>\$ 615,912</u>

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

Moore School District No. 44
Fergus County
Moore, Montana 59464

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

Net Changes in Fund Balance		\$	29,769
Revenues on the Statement of Activity not included in governmental funds statement:			
Increase (decrease) in taxes receivable			(9,930)
Expenses on the Statement of Activity not included in the governmental funds statement:			
Depreciation Expense	(115,199)		
(Increase) decrease in compensated absence liability	<u>(5,055)</u>	(120,254)	
Expenditures reported in the governmental funds statement not included in the Statement of Activity			
Capital outlays	100,087		
Gain loss on sale of assets	3,000		
Principal payments on bonds	<u>18,000</u>	<u>121,087</u>	
Change in net position reported on the Statement of Activity		\$	<u>20,672</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
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 84,954	\$ 82,078
Total Assets	<u>84,954</u>	<u>82,078</u>
LIABILITIES:		
Current Liabilities		
Warrants Payable	-	82,078
Total Liabilities	<u>-</u>	<u>82,078</u>
NET POSITION:		
Restricted for Endowment	37,121	
Restricted for Student Activities	47,833	
Total Net Position	<u>\$ 84,954</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET
 FIDUCIARY FUNDS
 For The Year Ended June 30, 2014

	Private Purpose Trust Funds
ADDITIONS:	
Revenues from Student Activities	\$ 75,176
Contributions to Endowment	201
Total Additions	<u>75,377</u>
DEDUCTIONS:	
Expenses of Student Activities	<u>82,757</u>
Student Scholarships	
Total Deductions	<u>82,757</u>
CHANGE IN NET POSITION	(7,380)
NET POSITION:	
Beginning of the Year	<u>92,334</u>
End of the Year	<u>\$ 84,954</u>

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

MOORE SCHOOL DISTRICT NO. 44

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 Moore School District No. 44 (School District) 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 School District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

During fiscal year 2014 the School District adopted the following

- 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 School District.
- 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 School District has not extend any financial guarantees to other parties. This statement has no effect on the financial statements.

The following are a listing of GASB statements which have been issued and the School District assessment of effects to the financial statements.

- GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement revises and establishes new financial reporting requirement that provide employees with pension benefits. The statement is effective for fiscal year 2015. This statement will require the School District to expand its pension foot note disclosures. The School District plans to implement this in fiscal year 2015 after the State of Montana provides the required information for reporting and disclosure.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations. The statement is applicable for fiscal year 2015. The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The School District is not merging with another School District or ceasing to exist. This statement has no effect on the financial statements.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. This statement amends paragraph 137 of statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The School District plans to implement this in fiscal year 2015 after the State of Montana provides the required information for reporting and disclosure.

The School District consists of two legally separate entities, an elementary district which provides education for kindergarten through eighth grade and a high school district which provides education for ninth through twelfth grade. For financial reporting purposes the two School Districts are combined because they are controlled by the same central board of trustees and managed by the same administration. 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. GAAP requires only one general fund for each reporting entity so the elementary and high school general funds are combined in the accompanying financial statements.

The criteria for including organizations as component units within the School 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 School 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 School District. Based on those criteria this School 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. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

MOORE SCHOOL DISTRICT NO. 44

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

The government-wide financial 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.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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.

1. b. 2 FUND ACCOUNTING

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The student activity fund and endowment fund are displayed as fiduciary funds. Since the resources in the fiduciary funds cannot be used for School 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 decreases 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 principal and interest on general long-term debt and compensated absence payments which are recognized when due. Capital assets are functional expenditures in governmental funds.

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 recorded in governmental funds for delinquent taxes. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Trust and agency fund financial statements report using the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

GASB Statement No. 34 requires the general fund be reported as a major fund and that only one general fund be reported so the elementary and high school general funds have been combined as one major fund. Other individual governmental funds 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 School District reports the following major governmental funds:

MOORE SCHOOL DISTRICT NO. 44

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

- General Fund – The General Fund is the general operating fund of the School District and accounts for all revenues and expenditures of the School 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 elementary inter-local agreement fund and the elementary and high school flexibility fund since the restrictions on those funds are similar to the general fund.
- Elementary and High School Bus Depreciation Funds – These funds are used to account for financing the replacement of yellow school buses and two-way radio equipment owned by a school. Deposits made to the fund are limited by depreciation percentages of current busses and two-way radio equipment owned by the School District.

1. b. 3 OTHER FUND TYPES

Private-Purpose Trust Funds – Accounts for the receipt and disbursement of monies from student activity organizations, as well as any donated scholarship funds. These organizations exist with the explicit approval of and are subject to revocation by the School District's Board of Trustees. This accounting reflects the School District's trust relationship with the student activity organizations and any scholarship commitments.

Agency Funds – Account for assets that the School District holds on behalf of others as their agent in the payroll and claims clearing funds and employee payroll tax withholdings. Cash is held for warrants which were written but have not been paid by the County Treasurer.

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 School 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 Fergus 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. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

1. c. 4 CAPITAL ASSETS

The School District's property, plant, and equipment 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 School 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. Land and construction in progress are not depreciated. Depreciation on the other 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:

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable, is reported only in the governmental funds balance sheet. The governmental funds report unavailable from two sources: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

1.c. 6 VACATION AND SICK LEAVE

Classified School District employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. Classified 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. Classified 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 at the current rate of pay. Certified School District employees shall accrue 12 days of leave each year. Unused sick leave is accruable to a maximum of 72 days. Upon termination will be paid at the daily rate of final years' salary for 35% of accumulated general leave.

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 \$7,710 and it is generally paid out of the general fund.

1.c. 7 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.
- Assigned – the executing a purchase order for a specific purpose such as an encumbrance.
- 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>	<u>Assigned</u>
Instructional - Regular	\$ 34,095	\$ 23,614
Operations and Maintenance	8,973	0
Student Transportation	145,116	0
School Food	9,665	0
Third Party Grantor Restrictions	4,964	0
Employer Retirement Benefits	49,449	0
Future Technology	14,642	0
Future Capital Costs	114,160	0
Total	<u>\$ 381,064</u>	<u>\$ 23,614</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for assigned or unassigned fund balances are available, the School District considers amounts to have been spent first out of assigned and then unassigned funds as needed, unless the board of trustees has provided otherwise.

1. d. OTHER

1. d. 1 USE OF ESTIMATES

MOORE SCHOOL DISTRICT NO. 44

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for assigned or unassigned fund balances are available, the School District considers amounts to have been spent first out of assigned and then unassigned funds as needed, unless the board of trustees has provided otherwise.

1. d. OTHER

1. d. 1 USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.d. 2 County Provided Services

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

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</u> <u>Activities</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 608,341	\$ 167,032	\$ 775,373

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

	<u>Amount</u>
Cash on Hand	\$ 290
Demand Accounts	47,833
County Investment Pool	727,250
Total	<u>\$ 775,373</u>

Cash resources of the School District are held and managed by the Fergus County Treasurer pursuant to State Law. They are combined with cash resources of other governmental entities within Fergus County to form a pool of cash and cash equivalents. Investments of pooled cash consist primarily of U.S. Government securities, repurchase agreements, and demand accounts and are carried at fair value. The School District's exposure to credit risk is not available to the School District. Risk in the event of loss is unclear in state law, but appears to be the liability of the Fergus County government. Because of the custodial involvement of the Fergus County government, and the commingling of cash in County deposits in the name of the Fergus County Treasurer, full risk classifications according to GASB 40 are available in the Fergus County's annual report. There is no known maturity and credit rating of the Fergus County Investment Pool.

The cash of the extracurricular funds is held separately by the School District, not at the Fergus County. As of June 30, 2014, \$47,833 was exposed to custodial credit risk and was covered by FDIC insurance.

Interest Rate Risk: The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. The School District's investment policy is to hold investments to maturity with the contractual understanding that these investments are low risk, locked in to a guaranteed rate of return, are therefore not impacted significantly by changes in short term interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates all of the School District's investment portfolio is made up of securities whose maturities are less than 10 years.

MOORE SCHOOL DISTRICT NO. 44

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

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 \$3,779,289 for the Elementary School District and \$4,285,879 for the High School District. The tax rates assessed for the year ended June 30, 2014 to finance School District operations and applicable taxes receivable for the elementary and high School Districts follows:

<u>Elementary Fund</u>	<u>Mill Levies</u>	<u>Taxes Receivable</u>
General*	62.59	\$ 2,480
Transportation	10.47	414
Bus Depreciation	7.55	301
Adult Education	.03	1
Technology	2.31	92
Debt Service	2.52	100
Building Reserve	2.65	105
<u>High School Fund</u>		
General*	53.95	2,619
Transportation	10.35	492
Bus Depreciation	6.66	326
Adult Education	.01	4
Technology	2.04	99
Debt Service	2.22	104
Building Reserve	2.33	113
Total	<u>165.68</u>	<u>\$ 7,250</u>

* Denotes Major Funds

NOTE 4. DUE FROM OTHER GOVERNMENTS

<u>High School Fund</u>	<u>Amount</u>	<u>Due From</u>	<u>Reason</u>
Traffic Education	\$ 1,400	State of MT	Per pupil reimbursement

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 July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments/ Transfers</u>	<u>Balance June 30, 2014</u>
<u>Non-depreciable:</u>					
Land	\$ 2,670	\$ 0	\$ 0	\$ 0	\$ 2,670
<u>Depreciable:</u>					
Land Improvements	\$ 53,670	\$ 14,393	\$ 0	\$ 0	\$ 68,063
Buildings	1,333,584	18,205	16,000	0	1,335,789
Major Equipment	500,939	70,489	54,000	0	517,428
Total Depreciable	\$ 1,888,193	\$ 103,087	\$ 70,000	\$ 0	\$ 1,921,280
<u>Accumulated Depreciation:</u>					
Land Improvements	\$ (5,408)	\$ (3,053)	\$ 0	\$ 0	\$ (8,461)
Buildings	(878,566)	(47,578)	(16,000)	0	(910,144)
Major Equipment	(169,818)	(64,568)	(54,000)	0	(180,386)
Total Depreciation	\$ (1,053,792)	\$ (115,199)	\$ (70,000)	\$ 0	\$ (1,098,991)
Net Depreciable Assets	834,401	(12,112)	0	0	822,289
Net Govt. Capital Assets	\$ 837,071	\$ (12,112)	\$ 0	\$ 0	\$ 824,959

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

<u>Function</u>	<u>Amount</u>
Instructional	\$ 19,030
School Administration	8,940
Operation & Maintenance	30,268
Transportation	51,563
School Food	1,898
Extracurricular	3,500
Total Depreciation Expense	<u>\$ 115,199</u>

MOORE SCHOOL DISTRICT NO. 44

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

NOTE 6. CHANGES IN LONG-TERM DEBT

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

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>New Debt</u> <u>and Other</u> <u>Additions</u>	<u>Principal</u> <u>Payments</u> <u>and Other</u> <u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>One Year</u>
<u>Bonds and Notes Payable:</u>					
Intercap Loans	\$ 126,000	\$ 0	\$ 18,000	\$ 108,000	\$ 18,000
Total Bonds and Notes Payable	\$ 126,000	\$ 0	\$ 18,000	\$ 108,000	\$ 18,000
<u>Other Liabilities:</u>					
Compensated Absences	\$ 64,564	\$ 5,055	\$ 0	\$ 69,619	\$ 7,710
Total Other Liabilities	\$ 64,564	\$ 5,055	\$ 0	\$ 69,619	\$ 7,710
Total Governmental Activities - Long-Term Debt:	\$ 190,564	\$ 5,055	\$ 18,000	\$ 177,619	\$ 25,710

6. b. INTERCAP LOAN

The School District entered into an intercap loan in prior years with the Montana Board of Investments for the installation of a new roof. Total payments made in fiscal year 2014 were \$19,169 which included \$1,169 of interest. The loan was issued for the terms and payment schedule indicated below.

<u>Description</u>	<u>Issue Date</u>	<u>Interest</u> <u>Rate Varia-</u> <u>ble Current</u>	<u>Length of</u> <u>Loan</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Outstanding</u> <u>June 30,</u> <u>2014</u>
Elementary intercap	8/7/2009	1%	10 years	8/7/2019	\$ 61,781	\$ 37,069
Elementary intercap	9/4/2009	1%	10 years	9/4/2019	28,219	16,931
High school intercap	8/7/2009	1%	10 years	8/7/2019	61,781	37,069
High school intercap	9/4/2009	1%	10 years	9/4/2019	28,219	16,931
					\$ 180,000	\$ 108,000

Debt service requirements to maturity for principal and interest for all Intercap long term obligations are as follows:

For the year ended 6/30:	<u>Elementary</u>		<u>High School</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>
2015	\$ 9,000	\$ 540	\$ 9,000	\$ 540
2016	9,000	450	9,000	450
2017	9,000	360	9,000	360
2018	9,000	270	9,000	270
2019	9,000	180	9,000	180
2020	9,000	90	9,000	90
Totals	\$ 54,000	\$ 1,890	\$ 54,000	\$ 1,890

NOTE 7. OPERATING LEASES

On May 2005 the District entered into an operating lease with Central Montana Propane for the use of a 30,000 gallon liquefied petroleum gas station. The lease was for a term of 10 years. The liability is shared equally between the elementary and high school. During the year ended June 30, 2014, \$4,850 was paid for this lease. There is an option to purchase for a price of \$20,000 plus any remaining lease payments. The future commitment to the District is as follows:

Total minimum lease payments	\$ 4,850
Less: amount representing interest	440
Present value of net minimum lease payments	\$ 4,410

MOORE SCHOOL DISTRICT NO. 44

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

NOTE 8. DEFERRED INFLOWS OF RESOURCES

8. a. PROPERTY TAXES

<u>Elementary Fund</u>	<u>Amount</u>	<u>Reason</u>
General*	\$ 2,480	Taxes Receivable
Transportation	414	Taxes Receivable
Bus Depreciation	301	Taxes Receivable
Adult Education	1	Taxes Receivable
Technology	92	Taxes Receivable
Debt Service	100	Taxes Receivable
Building Reserve	105	Taxes Receivable
<u>High School Fund</u>		
General*	2,619	Taxes Receivable
Transportation	492	Taxes Receivable
Bus Depreciation	326	Taxes Receivable
Adult Education	4	Taxes Receivable
Technology	99	Taxes Receivable
Debt Service	104	Taxes Receivable
Building Reserve	113	Taxes Receivable
Total	<u>\$ 7,250</u>	

* Denotes Major Funds

NOTE 9. DEFICIT FUND BALANCES

<u>Elementary Fund</u>	<u>Amount</u>	<u>How to Correct</u>
Debt Service	\$ (70)	Collect taxes receivable
<u>High School Fund</u>		
Debt Service	<u>(27)</u>	Collect taxes receivable
Total	<u>\$ (97)</u>	

* Denotes Major Funds

NOTE 10. TRANSFERS

<u>Elementary Fund - From</u>	<u>Amount</u>	<u>Elementary Fund - To</u>
General*	\$ 666	Compensated Absences - Allowable transfer
<u>High School Fund - From</u>		<u>High School Fund - To</u>
General*	<u>725</u>	Compensated Absences - Allowable transfer
Total	<u>\$ 1,391</u>	

* Denotes Major Funds

NOTE 11. PRIOR PERIOD ADJUSTMENTS

<u>Elementary Fund</u>	<u>Amount</u>	<u>REASON</u>
General*	\$ 9,121	EL Flexibility fund included as general.
Flexibility*	(9,121)	EL Flexibility fund included as general.
<u>High School Fund</u>		
General*	14,143	HS Flexibility fund included as general.
Flexibility*	<u>(14,143)</u>	HS Flexibility fund included as general.
Total	<u>\$ 0</u>	

* Denotes Major Funds

NOTE 12. OTHER COMMITMENTS

12. a. 1 ENCUMBRANCES

The School District's encumbrance policy is for fiscal year end encumbrances exceeding \$1,000 to be considered significant encumbrances. All encumbrances are classified as assigned or restricted in the funds noted below:

MOORE SCHOOL DISTRICT NO. 44

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

<u>Elementary Fund</u>	<u>Amount</u>
General*	\$ 18,162
<u>High School Fund</u>	
General*	5,452
Total	<u>\$ 23,614</u>

* Denotes Major Funds

NOTE 13. OTHER POST EMPLOYMENT BENEFITS

The School District allows retirees to participate in the group health insurance plan through the cobra option. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. The School District uses a single premium for both active and retired employees resulting in an implicit rate subsidy (the older retiree benefits from the School District's blended premium). The School 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 School District's financial statements. At June 30, 2014 the School District had no retired employees on the group insurance plan.

NOTE 14. 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 School District has joined with other School Districts throughout the state into an interlocal common risk pool to insure workers compensation for all participating School 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 School District other than timely payments of premiums. The School District can withdraw from the Workers Compensation Risk Retention Program with 60 days' notice at any time. The School 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 15. 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

The PERS defined benefit contribution 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 School District's financial statements.

MOORE SCHOOL DISTRICT NO. 44

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

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, School 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	\$ 104,408	\$ 131,400	\$ 127,668
PERS	<u>20,811</u>	<u>19,284</u>	<u>19,051</u>
Total	<u>\$ 125,219</u>	<u>\$ 150,684</u>	<u>\$ 146,719</u>

NOTE 16. COOPERATIVE

16. a. SPECIAL EDUCATION

The Moore School District No. 44 is a member of the Central Montana Learning Resource Center Cooperative, a Special Education Cooperative. The financial records of the Cooperative are prepared and maintained by the Cooperative Clerk. The financial records of the Cooperative are separate from those of Moore School District No. 44, and the financial statements of the Cooperative are not included in the School Districts' financial statements. The Cooperative's financial statements are audited separately from those of the School District. All revenue received, including Federal, State, or other types of grant payments, and the financial support provided by each of the Cooperative's members are deposited into the Cooperative's funds, which are maintained in the custody of the Fergus County Treasurer. The Superintendent of Public Instruction may directly deposit to the Cooperative the State and Federal portion of any participating member School District's budgeted costs for contracted special education services. All capital assets of the Cooperative are included in the Cooperative's financial statements.

A Joint Board of Directors governs the Cooperative. The Joint Board has the power to set policies, enter into contracts, review the performance of the Cooperative annually, review the financial management of the Cooperative annually, and set and approve the annual fiscal budget of the Cooperative.

NOTE 17. JOINT VENTURE AGREEMENTS

Joint ventures are legal entities or other organizations that result in a contractual arrangement and that are owned, operated, or governed by two or more participants. Each participant retains both an ongoing financial interest and an ongoing financial responsibility. Joint ventures are legal entities or other organizations that result in a contractual arrangement and that are owned, operated, or governed by two or more participants. Each participant retains both an ongoing financial interest and an ongoing financial responsibility.

17. a. MULTIDISTRICT COOPERATIVE

The School District has entered into an agreement with Lewistown Elementary, Fergus High School, Denton Elementary, Denton High School, Grass Range Elementary, Grans Range High School, Harlowton Elementary School, Harlowton High School, Ayers Elementary, Roy K-12 Schools, Winifred K-12 Schools, Moore Elementary, Moore High School, Deerfield Elementary, Spring Creek Colony Elementary, King Colony Elementary, Hobson k-12 Schools, Judith Gap Elementary, Judith Gap High School, Stanford K-12 Schools and the Central Montana Learning Resource Center Cooperative to provide technology services to each participating School District.

Section 20-3-363, MCA allows for the creation of a multidistrict cooperative between any School District and other public entity under Title 20, Chapter 9 Part 7, MCA. The parties in a multidistrict cooperative may mutually agree to perform any services, activities, and undertakings of the participants and provide for the joint funding and operation and maintenance of all participants in the agreement. Fergus High School is the designated prime agency and is responsible for the financial administration of the multidistrict cooperative. The activity of the multidistrict cooperative is accounted for in fund 82 of the Fergus High School. During fiscal year ended June 30, 2014 Moore School District paid Fergus High School \$9,546 for its share of the annual technical support fee.

17. b. INTERLOCAL AGREEMENT FUND

The School District has entered into an agreement with Moore Elementary and Moore High School, for the purpose of jointly purchasing/paying for salaries, technology, curriculum, utilities and supplies for the participating districts. Moore High School is the designated prime agency and is responsible for the financial administration of the multidistrict cooperative. The activity of the multidistrict cooperative is accounted for in fund 82 of the Moore High School. During fiscal year ended June 30, 2014 Moore Elementary general fund and Moore High School general fund transferred \$28,801 and \$35,138, respectively into the high school's Inter-local agreement fund.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 (Budget and Actual)
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2014

	General (Elem)			General (HS)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ 236,524	\$ 236,524	\$ 234,371	\$ 307,563	\$ 307,563	\$ 229,851
Interest	-	-	676	-	-	670
Other	-	-	1,000	-	-	-
State	337,985	337,985	319,510	326,339	326,339	396,183
Total Revenues	574,509	574,509	555,557	633,902	633,902	626,704
EXPENDITURES:						
Current						
Instructional Services			358,315			391,682
Educational Media Services			206			461
General Administrative Services			75,606			83,717
Operation & Maintenance Services			77,958			70,970
Transportation Services			1,209			7,033
School Food Services			11,425			9,710
Extracurricular			2,752			34,782
Capital Outlay			20,100			-
Total Expenditures	574,509	574,509	547,571	633,902	633,902	598,355
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	7,986	-	-	28,349
OTHER FINANCING SOURCES/USES						
Fund Transfers (Out)			(29,467)			(35,863)
Total Other financial Sources/Uses	-	-	(29,467)	-	-	(35,863)
NET CHANGES IN FUND BALANCES	-	-	(21,481)	-	-	(7,514)
FUND BALANCE:						
Beginning of the Year			86,345			67,862
End of the Year			\$ 64,864			\$ 60,348

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 (Budget and Actual)
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2014

	Flexibility Fund (Elem.)			Flexibility Fund (HS)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	57	-	-	81
Other	-	-	-	-	-	-
State	2,516	2,516	2,516	3,066	3,066	3,066
Total Revenues	2,516	2,516	2,573	3,066	3,066	3,147
EXPENDITURES:						
Current						
Instructional Services			-			-
Educational Media Services			-			-
General Administrative Services			-			-
Operation & Maintenance Services			-			-
Transportation Services			-			-
School Food Services			-			-
Extracurricular			-			-
Capital Outlay			3,402			3,402
Total Expenditures	11,637	11,637	3,402	17,209	17,209	3,402
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,121)	(9,121)	(829)	(14,143)	(14,143)	(255)
OTHER FINANCING SOURCES/USES						
Fund Transfers (Out)			-			-
Total Other financial Sources/Uses	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(9,121)	(9,121)	(829)	(14,143)	(14,143)	(255)
FUND BALANCE:						
Beginning of the Year			9,121			14,143
End of the Year			\$ 8,292			\$ 13,888

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 (Budget and Actual)
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2014

	Bus Depreciation (Elem.)			Bus Depreciation (HS)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ 28,541	\$ 28,541	\$ 28,855	\$ 28,541	\$ 28,541	\$ 29,246
Interest	-	-	443	-	-	478
Other	-	-	-	-	-	-
State	-	-	-	-	-	-
Total Revenues	<u>28,541</u>	<u>28,541</u>	<u>29,298</u>	<u>28,541</u>	<u>28,541</u>	<u>29,724</u>
EXPENDITURES:						
Current						
Instructional Services			-			-
Educational Media Services			-			-
General Administrative Services			-			-
Operation & Maintenance Services			-			-
Transportation Services			-			-
School Food Services			-			-
Extracurricular			-			-
Capital Outlay			24,000			24,000
Total Expenditures	<u>89,009</u>	<u>89,009</u>	<u>24,000</u>	<u>102,229</u>	<u>102,229</u>	<u>24,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(60,468)</u>	<u>(60,468)</u>	<u>5,298</u>	<u>(73,688)</u>	<u>(73,688)</u>	<u>5,724</u>
OTHER FINANCING SOURCES/USES						
Fund Transfers (Out)			-			-
Total Other financial Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>(60,468)</u>	<u>(60,468)</u>	<u>5,298</u>	<u>(73,688)</u>	<u>(73,688)</u>	<u>5,724</u>
FUND BALANCE:						
Beginning of the Year			60,468			73,688
End of the Year			<u>\$ 65,766</u>			<u>\$ 79,412</u>

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

MOORE SCHOOL DISTRICT NO. 44

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, Bus Depreciation, Tuition, Retirement, Adult Education, Technology, Flexibility), debt service fund, 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.

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. FUND BALANCE RECONCILIATION

The fund balances of the general fund displayed on the Statement of Revenue, Expenditures, and Changes in Fund Balances is differently displayed on the Schedule of Revenues, Expenditures, and Changes in Fund Balance (Budget and Actual) by \$23,614. This is due to the reserve for encumbrances. Encumbrances are not included as expenditures on the first statement as they do not meet the GAAP definition of expenditures. The District reports encumbrances at year end as budgeted expenditures and displays these amounts as assigned or reserve of fund balances, as applicable.

NOTE 3. BUDGET AMENDMENT

The District approved a budget amendment due to unanticipated enrollment increases under the provisions of 20-9-161(1), MCA for the high school general fund. The budget amendment was for \$12,601 and the State will provided the additional funds.

NOTE 4. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>High School Fund</u>	<u>Amount</u>	<u>REASON</u>
General*	<u>\$ 316</u>	A transfer to the compensated absences fund was not noted as an expenditure so the over budget situation was missed.

MOORE SCHOOL DISTRICT NO. 44

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

NOTE 5. COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL SUB-FUNDS OF THE GENERAL FUND

	<u>Sub-fund General Fund (EL)</u>	<u>Sub-fund General Fund (HS)</u>	<u>Sub-fund Flexibility Fund (EL)</u>	<u>Sub-fund Flexibility Fund (HS)</u>	<u>Sub-fund Inter-local Agreement Fund (EL)</u>	<u>Total General Fund</u>
REVENUES:						
District Levies	\$ 234,371	\$ 229,851	\$ 0	\$ 0	\$ 0	\$ 464,222
Interest Earnings	676	670	57	81	0	1,484
Other	1,000	0	0	0	0	1,000
State Sources	<u>319,510</u>	<u>396,183</u>	<u>2,516</u>	<u>3,066</u>	<u>0</u>	<u>721,275</u>
Total Revenues	<u>\$ 555,557</u>	<u>\$ 626,704</u>	<u>\$ 2,573</u>	<u>\$ 3,147</u>	<u>\$ 0</u>	<u>\$ 1,187,981</u>
EXPENDITURES:						
Instructional Services	354,192	421,244	0	0	0	775,436
Educational Media	206	461	0	0	0	667
General Administrative	75,606	83,717	0	0	0	159,323
Operation & Maintenance	77,958	70,970	0	0	0	148,928
Transportation	1,209	7,033	0	0	0	8,242
Extracurricular	2,752	34,782	0	0	0	37,534
School Food	11,425	9,710	0	0	0	21,135
Capital	<u>6,061</u>	<u>16,793</u>	<u>3,402</u>	<u>3,402</u>	<u>0</u>	<u>29,658</u>
Total Expenditures	<u>\$ 529,409</u>	<u>\$ 644,710</u>	<u>\$ 3,402</u>	<u>\$ 3,402</u>	<u>\$ 0</u>	<u>\$ 1,180,923</u>
Excess (Deficiency) of Revenue Over Expenditures						
	26,148	(18,006)	(829)	(255)	0	7,058
Fund Transfer (Out) *	(29,467)	(35,863)	0	0	0	(65,330)
Fund Transfer In *	0	0	0	0	63,939	63,939
Net Changes In Fund Balance	(3,319)	(53,869)	(829)	(255)	63,939	5,667
FUND BALANCE:						
Beginning of the Year	86,345	119,669	0	0	0	206,014
Prior Period Adjustment			<u>9,121</u>	<u>14,143</u>		<u>23,264</u>
Ending of the Year	<u>83,026</u>	<u>65,800</u>	<u>8,292</u>	<u>13,888</u>	<u>63,939</u>	<u>234,945</u>

* Transfers from Elementary and High School General funds to Inter-local Agreement Fund of \$63,939 are consolidated for reporting.

In the reconciliation the elementary and high school general funds, elementary and high school flexibility funds, and inter-local agreement 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 elementary and high school flexibility funds, and inter-local agreement 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 display budgeted information for the general and major special revenue funds. The Statement presents budgetary information for the elementary and high school general funds and the elementary and high school flexibility funds because they are reported as major funds and have legally adopted budgets. The major fund, inter-local agreement is not reported because it is not a budgeted special revenue fund.

MOORE SD
Schedule of Revenues, Expenses and Balances
Student Activity Funds
Fiscal Year-Ended June 30, 2014

Activity Account Name	Beginning Balance <u>7/1/2013</u>	Revenues	Expenses	Transfers	Ending Balance <u>6/30/2014</u>
STUDENT COUNCIL	\$ 595	\$ 400	\$ 366	\$ (253)	\$ 376
ATHLETICS	14,504	19,593	27,904	(1,053)	5,140
FAA	8,442	10,591	11,692	(130)	7,211
SKI CLUB	293	2,324	2,198	-	419
HONOR SOCIETY	640	361	387	(35)	579
FCCLA	681	3,609	2,841	173	1,622
CHEERLEADERS	1,200	1,190	2,682	1,053	761
SHOP	421	198	60	100	659
YEAR BOOK	2,933	4,894	6,345	-	1,482
MUSIC CLUB	1,935	3,527	3,926	(226)	1,310
LIBRARY	137	-	-	-	137
EXCELLENCE FUND	2	-	-	-	2
M CLUB	2,776	820	1,210	15	2,401
BPOA	1,938	5,958	6,167	198	1,927
ELEMENTARY	1,062	177	351	-	888
FOREIGN LANGUAGE CLUB	19	-	-	-	19
DRAMA	162	-	-	-	162
MOORE THEATRICAL	1,333	2,153	2,240	-	1,246
CLASS OF 2016	1,630	6,342	3,092	(20)	4,860
CLASS OF 2013	67	-	67	-	-
MBI	1,590	568	582	(197)	1,379
FFA NATIONALS	153	4,059	300	-	3,912
CLASS OF 2018	203	952	91	15	1,079
ADMINISTRATIVE FUND	867	1,462	1,798	160	691
Class of 2019	-	243	25	49	267
GRADES 1	1,482	11	843	85	735
KINDERGARTEN	3	11	-	59	73
GRADES 2	1	20	-	58	79
GRADES 3	202	36	-	30	268
CLASS OF 2014	2,950	439	3,304	(85)	-
CLASS OF 2015	4,555	5,066	4,146	(56)	5,419
GRADE 4	612	40	-	30	682
GRADE 5	94	12	-	30	136
GRADE 6	84	80	130	30	64
CLASS OF 2017	1,847	40	8	(30)	1,849
Total	\$ 55,413	\$ 75,176	\$ 82,755	\$ -	\$ 47,834

MOORE SCHOOL DISTRICT NO. 44

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	7	7	0
Grade 1 - 6	49	49	0
Grade 7 - 8	19	19	0
Total	<u>75</u>	<u>75</u>	<u>0</u>
High School			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	38	38	0
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	0	0	0
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<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	7	7	0
Grade 1 - 6	49	49	0
Grade 7 - 8	20	20	0
Total	<u>76</u>	<u>76</u>	<u>0</u>
High School			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	38	38	0
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	0	0	0
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<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	7	7	0
Grade 1 - 6	52	52	0
Grade 7 - 8	20	20	0
Total	<u>79</u>	<u>79</u>	<u>0</u>
High School			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	36	36	0
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	0	0	0
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<u>0</u>	<u>0</u>	<u>0</u>

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
Moore School District No. 44
Fergus County
Moore, Montana 59464

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 Moore School District No. 44 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Moore School District No. 44's basic financial statements and have issued our report thereon dated April 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Moore School District No. 44'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 Moore School District No. 44'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2014 -001.

Moore School District No. 44's Response to Findings

The District did not provide a response to the findings identified in our audit are described in the schedule of findings and responses. State law provides if a response is not included in the report the audited entity has thirty-days to provide a response to the State.

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, PC
Billings, Montana
April 20, 2015

SCHEDULE OF FINDINGS AND RESPONSES

There were no findings or recommendations in the prior audit report and one for the fiscal year ended June 30, 2014.

FINDING 2014-001 BUDGETS:

Criteria: Per Montana Code 20-9-133 the School District is limited to making expenditures or incurring liabilities to the total amount of each fund's legally adopted budget.

Condition: The School District's high school general fund exceeded its legally adopted budget by \$316.

Effect: The effect was that the School District was not in compliance with Montana Code 20-9-133.

Context: Expenditures for the high school general fund were overspent by \$316 due to a transfer being posted moving cash to the inter-local agreement fund.

Cause: Due to the transfer causing an overspent situation during preparing the Trustees Financial Summary, there was no corrective validation alert created in the Trustees Financial system to alert the clerk to an overspent budget.

Recommendation: We recommend that the clerk do a final validation of comparing expenditures to the budget before submitting the final Trustees Financial Summary.