

PLENTYWOOD PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 20
SHERIDAN COUNTY
PLENTYWOOD, MONTANA

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

OPI Entity Code 46-0828

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
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PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
JUNE 30, 2014

BOARD OF TRUSTEES

Rachel Howard	Chairperson
Judy Kaul	Vice-Chairperson
Britt Flickinger.....	Trustee
Eldon Krogstad.....	Trustee
Scott Harris	Trustee

OFFICIALS

Joe Bennett	District Superintendent
Shari Hurst	District Clerk
June A. Johnson	County Superintendent
Steven Howard	County Attorney



CHMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Richard A. Wiens, CPA
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Diana W. Mattfeldt, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Plentywood Public Schools
Sheridan County
Plentywood, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plentywood Public Schools, Sheridan County, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School'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 error or fraud.

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 Plentywood Public Schools, Sheridan County, Montana, 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 accompanying management's discussion and analysis on pages 5-10, the accompanying schedule of revenues, expenditures, and changes in fund balances – budget and actual on pages 32-35, and the schedule of funding progress on page 36, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plentywood Public Schools' basic financial statements. The supplementary information on pages 37-38 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Trustees
Plentywood Public Schools
Audit Report
Page Three of Three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2015 on our consideration of Plentywood Public Schools' internal control over financial reporting and 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 the 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 Plentywood Public Schools' internal control over financial reporting and compliance.



CHMS, P.C.
Certified Public Accountants
July 30, 2015

PLENTYWOOD SCHOOL DISTRICT #20
Sheridan County
Plentywood, Montana

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

The clerk of the Plentywood School District has provided this Management Discussion and Analysis (MD&A) to give the reader of these statements an overview of the financial position and activities of the school district for the fiscal year ending June 30, 2014.

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 two district-wide statements that focus on operation of the district as a whole. These statements measure inputs and outflows using 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** (page 11) shows the “assets” (what is owned), “liabilities” (what is owed) and the “net position” (the resources that would remain if all obligations were settled) of the school district. The statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in “fixed” or “capital” assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

B. The **Statement of Activities** (page 12) 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 report the activities of the school district as follows:

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, such as 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, comparable information from year to year, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are shown for governmental funds, such as the general fund, transportation fund, bus depreciation fund, miscellaneous programs fund, technology fund, and other governmental funds. These funds use the modified accrual basis of accounting and represent the majority of the district’s activities and programs.

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

Reporting the District’s Trust and Fiduciary Responsibilities

The district is the trustee, or fiduciary, for endowments and the student extracurricular fund. This report includes the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position (page 16) 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

The budgetary comparison schedules on page 32 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:

Variances in budgeted amounts to final amounts in revenue exist due to unpaid levies. In special programs expenditures from budget shows a positive budget variance of about \$37,000.00 due to paraprofessional salaries and health insurance. General administration was overspent due to the absence of office staff and administrative testing fees. The operation and maintenance area had a negative variance due to overtime wages, the retirement of a veteran head custodian, repairs and supplies. Co curricular expenditures had a negative variance due to fuel costs and supply purchases.

THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the District, assets exceeded liabilities by \$3,855,376 as of June 30, 2014. This is a 11% decrease of \$463,064 from fiscal year 2013. Cash decreased as well as capital assets due to an increase in accumulated depreciation. There is no longer a bond payable, but the combination of compensated absences and GASB statement No. 45 requiring the district to report "implicit rate subsidy" liability in group health insurance for retirees increased by 24%. Approximately 100 % of the District's net position reflects its investment in capital assets (e.g. land, land improvements, buildings and improvements, machinery and equipment).

Changes in Net Position **Condensed Statement of Net Position**

	Governmental Activities		Total Change	
	FY 2013	FY 2014	\$ Change	% Change
Current and other assets	1,175,093	1,140,553	-34,540	-3%
Capital assets	4,127,641	3,933,568	-194,073	-5%
Total assets	\$5,302,734	\$5,074,121	-228,613	-4%
Long-term debt outstanding	910,924	1,119,274	208,350	23%
Other liabilities	70,211	99,471	29,260	42%
Total liabilities	981,135	1,218,745	237,610	24%
Net Position				
Invested in capital assets, net of related debt	4,127,641	3,933,568	-194,073	-5%
Restricted (School Operations)	579,760	505,449	-74,311	-13%
Restricted (Debt Service)	1,673	0	-1,673	-100%
Unrestricted	-387,475	-583,641	-196,166	-51%
Total net position	\$4,321,599	\$3,855,376	-\$466,223	-11%

General and Program Revenues**Changes in Net Position**

	Governmental FY 2013	Activities FY 2014	\$ Change	% Change
Revenues				
Program Revenues:				
Charges for services	98,569	124,123	25,554	26%
Operating grants and contributions	519,197	510,776	-8,421	-2%
General Revenues:				
District Levies	1,361,813	1,388,214	26,401	2%
Tax Title and Property Sales	8	0	-8	-100%
Penalties and Interest on Taxes	2,554	1,711	-843	-33%
County Retirement Distribution	389,448	404,002	14,554	4%
Federal and State Aid not Restricted to				
Specific Purposes	2,192,455	2,186,462	-5,993	0%
Earnings on Investments	13,844	9,750	-4,094	-30%
Miscellaneous	67,138	153,732	86,594	129%
Gain (Loss) on Disposal of Assets	3,312	0	-3,312	-100%
Total Revenues	4,648,338	4,778,770	130,432	3%
Program Expenses				
Instruction:				
Regular programs	1,842,627	1,949,072	106,445	6%
Special programs	300,976	247,840	-53,136	-18%
Vocational programs	16,138	45,445	29,307	182%
Other programs	214,100	184,189	-29,911	-14%
Supporting services:				
Student	73,139	63,459	-9,680	-13%
Instructional Staff	5,785	7,307	1,522	26%
Library	85,318	100,478	15,160	18%
School Administration	210,179	284,577	74,398	35%
General Administration	246,582	215,778	-30,804	-12%
Business	88,939	93,788	4,849	5%
Operation and Maintenance	527,694	515,593	-12,101	-2%
Transportation	313,999	416,746	102,747	33%
Retirement	406,914	447,876	40,962	10%
School Food Services	258,008	291,179	33,171	13%
Extracurricular	208,893	244,474	35,581	17%
Depreciation – Unallocated	144,528	137,192	-7,336	-5%
Interest on Long-Term Liabilities	0	0	0	
Total Expenses	4,943,819	5,244,993	301,174	6%
Increase (decrease) in net position	-295,481	-466,223	-170,742	-58%

The district's total revenue increased by 3% in FY 14 which is approximately \$130,000. Total expenditures increased in excess of \$301,174 or 6%. District taxpayers paid approximately \$26,400 more in FY 14, an increase of 2%, while earnings on investments decreased by over \$4,000 from FY 13, 30% less. Expenditures increased by \$301,174 from the prior year. Net position decreased by \$466,223, a change of 11%.

Spending Levels Compared to Resource Levels

	FY 2013	%	FY 2014	%
Expenditures Supported with General Revenues (from taxes and other sources for general school use)	4,326,053	88%	4,610,094	88%
Expenditures Supported with Program Revenues	617,766	12%	634,899	12%
Total Expenditures Related to Governmental Activities	4,943,819	100%	5,244,993	100%

Spending patterns remain comparatively the same from FY 13 to FY 14 with expenditures supported with general revenues and those supported with program revenues.

Capital Assets

As of June 30, 2014, the District had invested approximately \$3.93 million in capital assets, net of depreciation, including land, buildings, machinery and equipment, which is a decrease of about \$194,000 or 5%. The following schedule presents capital asset balances net of depreciation for fiscal years 2013 and 2014.

Capital Assets

	FY 13	FY 14	\$ Change	% Change
Land	149,709	149,709	0	n/a
Land Improvements	119,920	111,867	-8,053	-7%
Buildings and Improvements	3,564,107	3,434,967	-129,140	-4%
Machinery and Equipment	293,905	237,025	-56,880	-19%
Total	<u>\$4,127,641</u>	<u>\$3,933,568</u>	<u>\$194,073</u>	<u>-5%</u>

Debt Administration

As of June 30, 2014 the District had \$206,088 in compensated absences outstanding, a decrease of 2% overall, as the bond matured in 2012. The decrease in compensated absences is due to retirements of staff and corresponding salaries. A summary of the District's long-term debt outstanding for the year is presented below:

			\$	%
	FY 13	FY 14	Change	Change
General Obligation Bonds	0	0	0	
Compensated Absences	210,522	206,088	-4,434	-2%
Total	210,522	206,088	-4,434	-2%

Contact for Additional Information

If you have questions about this report or need additional information, contact the Superintendent or Clerk at the Plentywood School District, 100 East Laurel Avenue, Plentywood, Montana 59254, or call 406-765-1803.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Current Assets	
Cash and Investments (Note C)	\$ 1,000,842
Taxes Receivable	32,111
Accounts Receivable	3,500
Intergovernmental Receivable	6,948
Inventories	50,363
Prepaid Expenses	46,789
Total Current Assets	1,140,553
Noncurrent Assets	
Capital Assets (Note D)	
Land	149,709
Capital Assets (Net of Accumulated Depreciation, where applicable)	3,783,859
Total Noncurrent Assets	3,933,568
Total Assets	5,074,121
LIABILITIES	
Current Liabilities	
Accounts Payable	52,229
Current Portion of Compensated Absences (Note F)	47,242
Total Current Liabilities	99,471
Noncurrent Liabilities	
Compensated Absences (Note F)	158,846
Other Post-Employment Benefits (Note J)	960,428
Total Noncurrent Liabilities	1,119,274
Total Liabilities	1,218,745
NET POSITION	
Net Investment in Capital Assets	3,933,568
Restricted For:	
School Operations	505,449
Unrestricted	(583,641)
Total Net Position	\$ 3,855,376

See notes to the financial statements.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
Instruction:					
Regular Programs	\$ 1,949,072	\$ -	\$ 114,522	\$ -	\$ (1,834,550)
Special Programs	247,840	-	195,002	-	(52,838)
Vocational Programs	45,445	-	-	-	(45,445)
Other Programs	184,189	11,150	10,210	-	(162,829)
Supporting Services:					
Student	63,459	-	-	-	(63,459)
Instructional Staff	7,307	-	-	-	(7,307)
Library	100,478	-	691	-	(99,787)
School Administration	284,577	-	-	-	(284,577)
General Administration	215,778	-	-	-	(215,778)
Business	93,788	-	-	-	(93,788)
Operation and Maintenance	515,593	-	-	-	(515,593)
Transportation	416,746	-	121,877	-	(294,869)
Retirement	447,876	-	-	-	(447,876)
School Food Services	291,179	112,973	68,474	-	(109,732)
Extracurricular	244,474	-	-	-	(244,474)
Depreciation - Unallocated*	137,192	-	-	-	(137,192)
Total School District	<u>\$ 5,244,993</u>	<u>\$ 124,123</u>	<u>\$ 510,776</u>	<u>\$ -</u>	<u>(4,610,094)</u>

General Revenues:

Taxes	
Property Taxes, levied for general purposes	996,154
Property Taxes, levied for restricted purposes	392,060
Penalties and Interest on Taxes	1,711
County Retirement Distribution	404,002
Federal and State Aid not Restricted to Specific Purposes	2,186,462
Earnings on Investments	9,750
Miscellaneous	153,732
Total General Revenues	<u>4,143,871</u>
Change in Net Position	(466,223)
Net Position - Beginning of Year	<u>4,321,599</u>
Net Position - End of Year	<u>\$ 3,855,376</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to the financial statements.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Transportation Fund	Bus Depreciation Fund	Miscellaneous Programs Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash in County Treasury (Note C)	\$ 395,131	\$ 105,810	\$ 120,507	\$ 195,346	\$ 17,888	\$ 165,460	\$ 1,000,142
Petty Cash	700	-	-	-	-	-	700
Taxes Receivable:							
Real and Personal	13,354	2,710	1,508	-	896	1,376	19,844
Protested	9,271	1,595	176	-	400	825	12,267
Accounts Receivable	3,500	-	-	-	-	-	3,500
Inventory	38,495	6,566	-	-	-	5,302	50,363
Prepaid Expenses	36,705	10,084	-	-	-	-	46,789
Due From Other Governments	-	-	-	-	-	6,948	6,948
Total Assets	\$ 497,156	\$ 126,765	\$ 122,191	\$ 195,346	\$ 19,184	\$ 179,911	\$ 1,140,553
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts Payable	\$ 42,676	\$ 3,353	\$ -	\$ 541	\$ 5,630	\$ 29	\$ 52,229
Total Liabilities	42,676	3,353	-	541	5,630	29	52,229
Deferred Inflows of Resources (Note O)							
Unavailable Tax Revenue	22,625	4,305	1,684	-	1,296	2,201	32,111
Total Deferred Inflows of Resources	22,625	4,305	1,684	-	1,296	2,201	32,111
Fund Equity							
Fund Balance							
Nonspendable - Inventories	38,495	6,566	-	-	-	5,302	50,363
Nonspendable - Prepaid Items	36,705	10,084	-	-	-	-	46,789
Restricted for School Operations	-	102,448	34,757	183,607	12,258	172,379	505,449
Assigned for Working Capital	22,388	9	85,750	11,198	-	-	119,345
Unassigned	334,267	-	-	-	-	-	334,267
Total Fund Equity	431,855	119,107	120,507	194,805	12,258	177,681	1,056,213
Total Liabilities and Fund Equity	\$ 497,156	\$ 126,765	\$ 122,191	\$ 195,346	\$ 19,184	\$ 179,911	\$ 1,140,553

Reconciliation to the Statement of Net Position

Total fund equity reported above	\$ 1,056,213
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,415,437, and the accumulated depreciation is \$4,481,869.	3,933,568
Less Liabilities not reported above:	
Compensated Absences	(206,088)
Other Post-Employment Benefits	(960,428)
Unavailable Tax Revenue recognized as revenue in the government-wide statements	
Property Taxes	32,111
Net Position	\$ 3,855,376

See notes to the financial statements.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Transportation Fund	Bus Depreciation Fund	Miscellaneous Programs Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
District Levy	\$ 935,354	\$ 189,496	\$ 106,105	\$ -	\$ 62,863	\$ 95,933	\$ 1,389,751
Penalty/Interest on Delinquent Taxes	1,191	224	124	-	81	91	1,711
Interest Earnings	4,988	1,176	435	1,552	163	1,436	9,750
Miscellaneous	12,888	18,945	-	143,986	-	959	176,778
County Sources	-	63,840	-	-	-	404,002	467,842
State Sources	2,262,488	77,458	-	6,142	5,671	16,709	2,368,468
Federal Sources	-	-	-	173,951	-	67,926	241,877
Lunch Sales	-	-	-	-	-	112,981	112,981
Adult Ed Fees	-	-	-	-	-	1,550	1,550
Traffic Ed Fees	-	-	-	-	-	9,600	9,600
Total Revenues	3,216,909	351,139	106,664	325,631	68,778	711,187	4,780,308
Expenditures							
Current:							
Instruction:							
Regular Programs	1,695,026	-	-	78,334	8,247	12,372	1,793,979
Special Programs	247,840	-	-	-	-	-	247,840
Vocational Programs	4,772	-	-	40,673	-	-	45,445
Other Programs	9,204	-	-	172,413	-	2,572	184,189
Supporting Services:							
Student	63,459	-	-	-	-	-	63,459
Instructional	6,811	-	-	496	-	-	7,307
Library	96,359	-	-	2,285	1,834	-	100,478
School Administration	212,806	-	-	502	56,164	-	269,472
General Administration	148,422	44,598	-	-	-	-	193,020
Business	64,854	18,229	-	-	260	-	83,343
Operation and Maintenance	363,516	25,548	-	15,832	-	108,265	513,161
Transportation	-	336,395	-	-	-	-	336,395
Retirement	-	-	-	-	-	447,876	447,876
School Food Services	98,613	-	-	-	-	183,134	281,747
Extracurricular	243,535	-	-	-	-	-	243,535
Capital Outlay				4,367			4,367
Total Expenditures	3,255,217	424,770	-	314,902	66,505	754,219	4,815,613
Excess (Deficiency) of Revenues over Expenditures	(38,308)	(73,631)	106,664	10,729	2,273	(43,032)	(35,305)
Other Financing Sources (Uses)							
Interfund Transfer In (Note H)	-	-	-	-	-	3,931	3,931
Interfund Transfer Out (Note H)	(2,000)	-	-	-	-	(1,931)	(3,931)
Total Other Financing Sources (Uses)	(2,000)	-	-	-	-	2,000	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(40,308)	(73,631)	106,664	10,729	2,273	(41,032)	(35,305)
Fund Balance, Beginning of Year	491,292	193,234	13,843	184,076	9,985	218,496	1,110,926
Change in Inventory	(19,129)	(496)	-	-	-	217	(19,408)
Adjusted Fund Balance, Beginning of Year	472,163	192,738	13,843	184,076	9,985	218,713	1,091,518
Fund Balance, End of Year	\$ 431,855	\$ 119,107	\$ 120,507	\$ 194,805	\$ 12,258	\$ 177,681	\$ 1,056,213

See notes to the financial statements.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 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

Change in fund balances as reported in the governmental funds statement	\$ (35,305)
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$198,439) exceeds capital outlays (\$4,367) in the period.</p>	(194,072)
<p>Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenues and are unavailable in the governmental funds. Unavailable tax revenues decreased by this amount this year.</p>	(1,538)
<p>In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, these expenditures are measured by the amount of financial resources used. This year, vacation and sick leave used exceeded the amount earned.</p>	4,434
<p>In governmental funds, inventories are recorded as expenditures at the time of purchase. However, in the statement of activities, the expenditure is measured by the inventories used, and is therefore adjusted by a change to the balance of inventory.</p>	(19,408)
<p>In governmental funds, other post-employment health benefits are reported at the time of payment. However, in the statement of activities, these expenditures are recorded as they are accrued. The liability for other post-employment health benefits increased by this amount this year.</p>	<u>(220,334)</u>
Change in net position on the statement of activities	<u><u>\$ (466,223)</u></u>

See notes to the financial statements.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 STATEMENT OF FIDUCIARY NET POSITION AND
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

FIDUCIARY NET POSITION	<u>Private Purpose Trust Funds</u>
ASSETS	
Cash in Bank (Note C)	\$ 67,209
Cash in County Treasury (Note C)	51,705
Interest Receivable	269
Total Assets	<u>119,183</u>
LIABILITIES	
Accounts Payable	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Held in Trust	<u>\$ 119,183</u>

CHANGES IN FIDUCIARY NET POSITION

ADDITIONS	
Revenue from Student Activities	\$ 256,429
Investment Earnings	293
Revenue from Local Sources	23
Total Additions	<u>256,745</u>
DEDUCTIONS	
Expenses of Student Activities	241,044
Expenses for Scholarships	587
Total Deductions	<u>241,631</u>
Change in Net Position	15,114
Net Position, Beginning of Year	<u>104,069</u>
Net Position, End of Year	<u>\$ 119,183</u>

See notes to the financial statements.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Plentywood Public Schools, Sheridan County, Montana, delivers education services at all levels below the college and university level. The School is managed by a Board of Trustees, elected in a district-wide election, and by a central administration appointed by and responsible to the Board. Effective July 1, 1994, Plentywood Public Schools is a K-12 school district. A K-12 district is a high school district which has an elementary district attached and provides educational services for both elementary and high school programs.

As defined by generally accepted accounting principles, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present only the financial information of Plentywood Public Schools, as they have no component units that would be included in the financial data of the School.

The county government of Sheridan County provides substantial services to the School. Taxes are levied and collected by the County. Cash is maintained and invested by the County Treasurer. County Commissioners have a legal right to review and approve the budget adopted by the School. Yet, the School is not considered to be a component unit of the County. Management policies and day-to-day control of the School is the sole responsibility of the Board of Trustees. The county does not significantly influence the operations of the School; thus, the School is being treated as a separate and independent unit of local government.

Basis of Presentation and Basis of Accounting

Government-Wide Statements

The statement of net position and the statement of activities show information about the overall financial position and activities of the School with the exception of the student activities fund, which accounts for the extracurricular activities of the School's students, and the endowment fund, which accounts for donations used to give student scholarships. These are reported as private purpose trust funds in the fund financial statements. Eliminations have been made to minimize the double counting of internal activities of the overall government.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the School are generally financed through property taxes, state equalization funding, and federal and state grants. Revenues are recorded when earned and expenses

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

Government-Wide Statements (Continued)

are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function. The district does not charge indirect expenses to programs or functions. Program revenues include fees for services and grants and contributions that are restricted to a particular program. Revenues that are not classified as program revenue, including all property taxes, are presented as general revenues.

Fund Financial Statements

These statements provide information about the school's funds, including a separate statement for the school's fiduciary funds (the student activity fund and endowment fund). The emphasis of fund financial statements is on major governmental funds. Each major fund is displayed in a separate column. All of the remaining funds are aggregated and reported in a single column as non-major funds.

These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State and other governmental revenues applicable to the current fiscal year and collected within 60 days after year-end are recognized as revenue. Most property taxes receivable are delinquent at June 30 and amounts collected within 60 days after year-end are not significant. When an asset is recorded in governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of the School's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the School applies cost-reimbursement funds first to finance such programs with remaining costs paid for with general revenue.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

GASB Statement No. 34 requires that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenues or expenditures exceed 10% or more of the total for all governmental funds also be reported as major funds. Accordingly the District reports the following major governmental funds:

General Fund - the Schools' primary operating fund which accounts for all financial resources of the School except those required to be accounted for in other funds.

Transportation Fund - for the purpose of financing the maintenance and operation of district owned school buses, contracts with private carriers for school bus service, individual transportation contracts, and any amount necessary for the purchase, rental, or insurance of yellow school buses or operation of the transportation program.

Bus Depreciation Reserve Fund - to account for revenues from a district levy on taxable property to build a reserve for replacing school buses or radios used in the transportation program. Such equipment may be depreciated over five years or longer up to 150% of its original cost.

Miscellaneous Programs Fund - accounts for grants of state or federal monies other than monies designated for deposit in a specific fund.

Technology Fund - accounts for the purchase, rent, repair, maintenance of technological equipment, and technical training for district personnel

Capital Assets

Capital assets which includes plant, property, equipment and infrastructure assets, with a cost of \$5,000 or more and a useful life of three years or more are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure assets are also capitalized. Depreciation is computed using the straight-line method. The following is a summary of asset classifications and range of depreciable lives.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Buildings and Improvements	20-50 Years
Improvements Other Than Buildings	10-20 Years
Machinery and Equipment	5-20 Years

Warrants Payable

The School makes expenditures by means of warrants. These warrants are orders to the County Treasurer to pay a specified sum to the person named or to the bearer. Outstanding warrants are recorded as disbursements in individual funds and cash balances in individual funds are reduced for outstanding warrants.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances outstanding at year end are reported as assigned fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at June 30, 2014 were \$19,884 in the General Fund, \$9 in the Transportation Fund, \$85,750 in the Bus Depreciation Fund, \$11,198 in the Miscellaneous Programs Fund, and \$2,504 in the Flexibility Fund.

Inventories

Inventories are valued at cost. The costs of inventories in governmental funds are recorded as expenditures at the time of purchase.

Compensated Absences

Liabilities incurred because of accumulated unused vacation and sick pay which is payable upon termination is included in the financial statements. The liability for vacation pay is recorded as a current liability payable within one year in the government-wide financial statements. The liability for unused sick leave is recorded as a non-current liability.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

In governmental fund type accounts, fund equity is called "fund balance." Fund balance is reported in the following classifications which reflect the extent to which the school is bound to honor constraints on the purposes for which the amounts can be spent: nonspendable, restricted, committed, assigned and unassigned.

When resources meeting more than one of the classifications (excluding nonspendable) are comingled in an account, assuming that an expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, and finally assigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

NOTE B - PROPERTY TAX

All property taxes are collected by the Sheridan County, Montana, Treasurer. Property taxes attach as an enforceable lien on property as of January 1, and are levied on the 2nd Monday in August. They are due in two equal installments on November 30th, and May 31st, following the levy date.

The tax levies for the School for the year ended June 30, 2014 were as follows:

	Mill Levy
General Fund	111.05
Transportation Fund	22.55
Bus Depreciation Fund	12.63
Technology Fund	7.46
Building Reserve Fund	11.48
Total	165.17

The taxable value upon which the above levies were based was \$8,711,677.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE C - CASH AND INVESTMENTS

Deposits as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Deposits with Financial Institutions	\$ 700
Invested with Sheridan County Investment Pool	1,000,142
Fiduciary Funds	
Deposits with Financial Institutions	96,339
Invested with Sheridan County Investment Pool	22,575
Total	<u>\$ 1,119,756</u>

Cash and investments, except those of the Petty Cash and Extracurricular Funds, are held by the County Treasurer. The Board of Trustees may invest money of the School in direct obligations of the United States Government, in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC, FSLIC, or NCUA located in the state or in a repurchase agreement. A school may also invest money under the state unified investment program.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Montana law requires 50% security of deposits with financial institutions in excess of the depository insurance coverage limits. A governmental entity's money is insured for each "public unit" based on how the account is titled at the financial institution. The Sheridan County government is considered to have \$250,000 FDIC coverage in each bank in the state. The School's deposits with financial institutions did not exceed federal depository insurance limits at June 30, 2014.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or governmental investment pools (such as the Sheridan County Investment Pool).

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Sheridan County Investment Pool does not have a rating provided by a nationally recognized statistical rating organization.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the School contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Montana Code Annotated. There are no investments in any one issuer that represent 5% or more of total School investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates.

Information about the sensitivity of the fair value of the School's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

		<u>Maturity Date</u>
Sheridan County Investment Pool	<u>\$ 1,022,717</u>	1 year average

Investment in the Sheridan County Investment Pool

The School participates in the Sheridan County Investment Pool. The information pertaining to the County's investment pool can be obtained from the County's annual report. The investment pool is not registered with the Securities and Exchange Commission. The pool is managed by the Sheridan County Treasurer, who reports to the Sheridan County Commissioners. The pool unit is fixed at \$1 per share for purchases and redemptions.

The County Investment Pool has money invested in the State Short-Term Investment Pool which included asset-backed and variable-rate securities. Asset-backed securities have less credit risk than securities not backed by pledged assets. Market risk for asset-backed securities is the same as market risk for similar securities not backed by assets. Variable-rate securities have credit risk identical to similar fixed-rate securities. The related market risk is more sensitive to changes in the interest rate. However, their market risk may be less volatile than fixed-rate securities because their value will usually remain at or near par value as a result of their interest rates being periodically reset to maintain a current market yield. The Montana Board of Investments reported they were not aware of any legal risks associated with any of the STIP investments as of June 30, 2014.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE D - CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2014 is as follows:

	Balance 7-1-13	Additions	Deletions	Balance 6-30-14
Land	\$ 149,709	\$ -	\$ -	\$ 149,709
Land Improvements	307,602	-	-	307,602
Buildings and Improvements	6,842,964	-	-	6,842,964
Machinery and Equipment	1,110,795	4,367	-	1,115,162
Total Capital Assets at Historical Cost	<u>8,411,070</u>	<u>4,367</u>	<u>-</u>	<u>8,415,437</u>
Less Accumulated Depreciation for:				
Land Improvements	187,682	8,053	-	195,735
Buildings and Improvements	3,278,858	129,139	-	3,407,997
Machinery and Equipment	816,890	61,247	-	878,137
Total Accumulated Depreciation	<u>4,283,430</u>	<u>198,439</u>	<u>-</u>	<u>4,481,869</u>
Capital Assets, Net	<u>\$ 4,127,640</u>	<u>\$ (194,072)</u>	<u>\$ -</u>	<u>\$ 3,933,568</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 5,639
School Administration	7,796
Transportation	45,423
School Food Services	1,450
Extracurricular	939
Unallocated	137,192
Total depreciation expense	<u>\$ 198,439</u>

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE E - RETIREMENT PLANS

The School participates in two state-wide, cost-sharing, multiple-employer, defined benefit retirement plans which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers certified teaching employees, including principals and superintendents, and the Public Employee Retirement System (PERS) covers non-teaching employees. The plans are established by state law and are administered by the Department of Administration of the State of Montana. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

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 Telephone: 406-444-3134	Public Employee Retirement System P.O. Box 200131 1712 Ninth Avenue Helena, MT 59620-0131 Telephone: 406-444-3154
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Contribution rates, expressed as a percentage of covered payroll, which are required and determined by state law, are as follows:

	Employer	Employee	Total
TRS	8.47%	8.15%	16.62%
PERS	7.80%	7.90%	15.70%

For the year ended June 30, 2014, the State of Montana contributed .37% of the employees' payroll for PERS and 2.49% for TRS. These are considered on-behalf payments. The School does not record these contributions in their financial statements as required by generally accepted accounting principles.

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

	2014	2013	2012
TRS	\$ 313,178	\$ 329,645	\$ 429,057
PERS	83,733	68,425	66,856
Total	\$ 396,911	\$ 398,070	\$ 495,913

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE F - LONG-TERM LIABILITIES

Compensated Absences Payable

Compensated absences payable, which represent vacation and sick leave earned by employees which is payable upon termination, were as follows:

	Balance 6-30-13	Increase (Decrease)	Balance 6-30-14
Vacation and Sick Leave	\$ 210,522	\$ (4,434)	\$ 206,088

Compensated absences are liquidated out of the same governmental funds used to pay each individual employee's salary.

NOTE G - TRANSFERS TO AND FROM OTHER DISTRICTS OR COOPERATIVES

The following transfers were made to and from other districts or cooperatives:

	Transfer In	Transfer Out
General Fund	\$ -	\$ 80,529
Special Revenue Fund:		
Miscellaneous Programs Fund	85,237	-
Total	\$ 85,237	\$ 80,529

The transfers in were for Plentywood Schools' share of an IDEA B grant of \$83,796 and an IDEA B Preschool Grant of \$1,441. The transfer out was for Plentywood Schools' share of budget for the Sheridan Daniels Special Education Cooperative.

NOTE H - INTERFUND TRANSFERS

A transfer of \$2,000 was made from the General Fund to the Compensated Absences Fund. This transfer is authorized by Montana Code Annotated 20-9-512. A transfer of \$1,673 and \$258 were made from the Debt Service Fund and the Building Fund respectively. These transfers were both made to the Building Reserve Fund in order to close the two funds named. These transfers were authorized by the Board.

NOTE I - ENDOWMENT FUND

The Endowment Fund consists of two scholarship funds which were established for the purpose of providing scholarships to graduating Plentywood Seniors. The funds also require that the principal amount of the scholarship funds remain intact. The Endowment Fund is shown as a private purpose trust fund.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE J - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plentywood Schools reported the "implicit rate subsidy" liability as required by GASB statement No. 45 for the first time in fiscal year 2010. The school provides employees who retire and their spouses and dependents the option to continue to participate in the Schools group health insurance plan. To continue coverage, retirees are required to pay the full cost of the benefits. The school is not required to offer insurance at the same rate as all participants. Furthermore, there are no other legal or contractual agreements requiring the School to offer the same rates to retirees as other participants. Rates can be changed or benefits altered at any time to ensure all plans are fiscally sound.

Plan Description - The school provides employee medical, dental and vision insurance through a privately administered purchased plan.

Funding Policy - The school provides no direct subsidy to the health insurance premiums for retirees. Retirees pay the entire cost of the health insurance premium. Eligible retired employees include former fulltime and certain other employees. At June 30, 2014, the School had 1 retired participant and no employees covered under COBRA insurance coverage. In 2014, retirees contributed \$0 towards the cost of the school's annual premium.

Annual OPEB Cost Obligation - The school's other post employment benefit (OPEB) cost (expense) is calculated using the alternative measurement method, and is based on the projected unit credit cost method as of June 30, 2014. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule.

Annual required contribution	\$ 215,867
Interest on net OPEB obligation	4,467
Annual OPEB cost (expense)	<u>220,334</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	220,334
Net OPEB obligation beginning of year	740,094
Net OPEB obligation end of year	<u><u>\$ 960,428</u></u>

The school's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012, 2013 and 2014, were as follows:

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE J - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Annual OPEB Cost Obligation (Continued)

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 197,678	0.00%	\$ 537,443
2013	\$ 202,651	0.00%	\$ 740,094
2014	\$ 220,334	0.00%	\$ 960,428

Funded Status and Funding Progress - As of June 30, 2014 the actuarial accrued liability for benefits was \$1,470,147, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,203,978, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 66.70%.

Actuarial Methods and Assumptions - Projection of benefits for financial reporting purposes are based on the substantive plan and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. The following assumptions were made:

Mortality is assumed to follow the mortality tables from the National Center for Health Statistics. The 2004 United States Life Tables for Males and Females were used.

Interest and Discount rates used were at 4% and the payroll growth inflation rate was 2%.

Marital status of members at the time of calculation date are assumed to remain unchanged.

Health cost trend rate was expected to have an increase in healthcare insurance premiums of 3% annually on average over the next 10 years.

Additional information derived from this actuarial valuation follows:

- Actuarial cost method: Simplified version of the entry age actuarial cost method
- Amortization Method: Level percent of pay on an open basis for 25 years
- Retirement age for active employees was assumed to be age 60

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE K - JOINT VENTURE

Plentywood Public Schools is a participant with three other school districts in the Sheridan Daniels Special Education Cooperative. The Cooperative is governed by a four member advisory council composed of all school superintendents or the designated representative of each of the participating schools.

Plentywood Public Schools is responsible for maintaining the accounting records for the Cooperative. The Sheridan Daniels Special Education Cooperative is a joint venture established by interlocal agreement to offer certain special education services to all handicapped students in compliance with State and Federal law. Plentywood Public Schools has an ongoing financial responsibility to fund their share of the total cooperative budget and Social Security, TRS, PERS, and Unemployment Insurance for Cooperative employees. Complete financial statements for the Sheridan Daniels Special Education Cooperative can be obtained from the Cooperative.

NOTE L - RISK MANAGEMENT

The School faces a considerable number of risks of loss, including a) damage to and loss of property and contents, b) employee torts, c) professional liability, i.e. errors and omissions, d) environmental damage, e) workers' compensation, i.e. employee injuries, and f) medical insurance costs of employees. A variety of 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 content damage, employee medical costs, and professional liabilities. The School participates in one state-wide public risk pool operated by the Workers' Compensation Risk Retention Program for workers' compensation coverage. And, given the lack of coverage available, the School has no coverage for potential losses from environmental damages.

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years. The premiums for property and content damage and professional liability are allocated between the School's General Fund and Transportation Fund (a special revenue fund). The premiums for the employee medical plan are allocated to the appropriate funds based on salaries paid from the funds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

In June 1990, the School joined together with other Montana schools and became a member of the Montana Schools Group Insurance Authority. This is a public entity risk pool which offers workers' compensation coverage under the Workers' Compensation Risk Retention Program. The pool currently operates as a common risk management and insurance program for member schools. The program offers medical benefits, partial and total disability benefits, death benefits, and rehabilitation benefits. The School pays an annual premium for its employee injury insurance coverage, which is allocated to the School's funds based on total budgeted salaries and wages. The agreement for the formation of the pool provides that it will be self-sustaining through the member premiums.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE M - SUBSEQUENT EVENTS

The School recognizes all effects of subsequent events that provide additional evidence about conditions that existed as of June 30, 2014, including the estimates inherent in the process of preparing financial statements. Subsequent events that provide evidence about conditions that did not exist as of June 30, 2014, but arose after that date and prior to issuance are not recognized in these financial statements other than disclosure. There were no subsequent events that are required to be disclosed as of June 30, 2014. The School evaluates the subsequent events through the date of the auditor's report.

NOTE N - GOVERNMENTAL FUND BALANCES

The School's governmental fund balances are classified according to the relative constraints that control how amounts can be spent. Classifications include:

Nonspendable - Balances that either are not in spendable form or are legally or contractually required to remain intact.

Restricted - Balances that are restricted for specific purposes by the constitution, enabling governing body or external resource providers such as creditors, grantors, or laws or regulations of other governments.

Committed - Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the school board of trustees.

Assigned - Balances that are constrained by management to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Residual balances that are not contained in the other classifications.

If resources from more than one fund balance classification could be spent, the school district will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned. The school board determines this order.

A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board.

The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the Superintendent and business manager. Assignments so made shall be reported to the school board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the school board.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE O - DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES

On the Balance Sheet for the governmental funds, taxes levied but not collected are classified as deferred inflow of resources as these funds were not collected and available within the reporting period. This account is eliminated on the Government Wide Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund						
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance From Final Budget	Flex Fund	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
Revenues							
District Levy	\$ 967,459	\$ 967,459	\$ 935,354	\$ (32,105)	\$ -	\$ -	\$ 935,354
Penalty/Interest on Delinquent Taxes	-	-	1,191	1,191	-	-	1,191
Interest Earnings	6,658	6,658	4,824	(1,834)	164	-	4,988
Miscellaneous	484	484	12,822	12,338	66	-	12,888
State Sources	2,069,056	2,069,056	2,075,771	6,715	186,717	-	2,262,488
Total Revenues	<u>3,043,657</u>	<u>3,043,657</u>	<u>3,029,962</u>	<u>(13,695)</u>	<u>186,947</u>	<u>-</u>	<u>3,216,909</u>
Expenditures							
Current:							
Instruction:							
Regular Programs	1,639,030	1,645,745	1,635,109	10,636	53,623	(6,294)	1,695,026
Special Programs	285,967	285,967	249,173	36,794	-	1,333	247,840
Vocational Programs	4,000	4,000	4,164	(164)	-	(608)	4,772
Other Programs	22,000	22,000	8,960	13,040	-	(244)	9,204
Supporting Services:							
Student	63,900	63,900	63,459	441	-	-	63,459
Instructional	-	-	5,822	(5,822)	-	(989)	6,811
Library	104,350	104,350	96,359	7,991	-	-	96,359
School Administration	203,860	203,860	208,099	(4,239)	2,364	(2,343)	212,806
General Administration	101,749	101,749	113,346	(11,597)	34,970	(106)	148,422
Business	57,775	57,775	64,854	(7,079)	-	-	64,854
Operation and Maintenance	266,433	266,433	277,372	(10,939)	86,113	(31)	363,516
School Food Services	98,400	98,400	98,971	(571)	-	358	98,613
Extracurricular	207,600	207,600	240,348	(32,748)	-	(3,187)	243,535
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,060,064</u>	<u>3,066,779</u>	<u>3,066,036</u>	<u>743</u>	<u>177,070</u>	<u>(12,111)</u>	<u>3,255,217</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(16,407)</u>	<u>(23,122)</u>	<u>(38,074)</u>	<u>(12,952)</u>	<u>9,877</u>	<u>(12,111)</u>	<u>(38,308)</u>
Other Financing (Uses)							
Interfund Transfer Out	(2,000)	(2,000)	(2,000)	-	-	-	(2,000)
Total Other Financing (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>\$ (18,407)</u>	<u>\$ (25,122)</u>	<u>(38,074)</u>	<u>\$ (12,952)</u>	<u>9,877</u>	<u>\$ (12,111)</u>	<u>(40,308)</u>
Fund Balance, Beginning of Year			422,985		32,730		491,292
Change in Inventory			(19,129)		-		(19,129)
Adjusted Fund Balance, Beginning of Year			<u>403,856</u>		<u>32,730</u>		<u>472,163</u>
Fund Balance, End of Year			<u>\$ 365,782</u>		<u>\$ 42,607</u>		<u>\$ 431,855</u>

Explanation of differences:

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes. Encumbrances that are not spent are recorded as miscellaneous revenue on the budgetary basis.

\$ (12,111)

NOTES TO THE BUDGET AND ACTUAL SCHEDULE

A budget is adopted by the Board of Trustees each fiscal year for the General Fund and the other Governmental Funds classified by State law as budgeted funds. Each budget is presented on the modified accrual basis of accounting, utilizing encumbrances as described in Note A of the notes to the financial statements, which is not consistent with generally accepted accounting principles. All budgets are formulated in accordance with State law. The General Fund budget is based on the State's Foundation Program, which is designed to equalize taxing effort throughout the State and bases the budget primarily on enrollment. Budgets of other funds are based primarily on estimated expenditures and revenues.

Budgeted fund expenditures are limited by State law to budgeted amounts, except that they can be increased for emergencies as defined by State law. Transfers may be made between expenditure objects and/or functions within the same fund.

The Flex Fund did not meet the clarified definition of a special revenue fund and therefore must be incorporated into the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds report.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Transportation Fund					
	Budgeted Amounts		Actual Amounts	Variance	Budget to GAAP	Actual
	Original	Final	Budgetary Basis	from Final Budget	Differences Over (Under)	Amounts GAAP Basis
Revenues						
District Levy	\$ 196,424	\$ 196,424	\$ 189,496	\$ (6,928)	\$ -	\$ 189,496
Penalty/Interest on Delinquent Taxes	-	-	224	224	-	224
Interest Earnings	1,000	1,000	1,176	176	-	1,176
Miscellaneous	-	-	18,945	18,945	-	18,945
County Sources	63,840	63,840	63,840	-	-	63,840
State Sources	83,261	83,261	77,458	(5,803)	-	77,458
Total Revenues	<u>344,525</u>	<u>344,525</u>	<u>351,139</u>	<u>6,614</u>	<u>-</u>	<u>351,139</u>
Expenditures						
Current:						
Supporting Services:						
General Administration	46,275	46,275	44,598	1,677	-	44,598
Business	18,450	18,450	18,229	221	-	18,229
Operation and Maintenance	21,500	21,500	25,548	(4,048)	-	25,548
Transportation	346,775	346,775	326,506	20,269	(9,889)	336,395
Capital Outlay	1,000	1,000	-	1,000	-	-
Total Expenditures	<u>434,000</u>	<u>434,000</u>	<u>414,881</u>	<u>19,119</u>	<u>(9,889)</u>	<u>424,770</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (89,475)</u>	<u>\$ (89,475)</u>	<u>(83,742)</u>	<u>\$ 25,733</u>	<u>\$ (9,889)</u>	<u>(73,631)</u>
Fund Balance, Beginning of Year			183,336			193,234
Change in Inventory			(496)			(496)
Adjusted Fund Balance, Beginning of Year			<u>182,840</u>			<u>192,738</u>
Fund Balance, End of Year			<u>\$ 119,098</u>			<u>\$ 119,107</u>

Explanation of differences:

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes. Encumbrances that are not spent are recorded as miscellaneous revenue on the budgetary basis.

\$ (9,889)

NOTES TO THE BUDGET AND ACTUAL SCHEDULE

A budget is adopted by the Board of Trustees each fiscal year for the General Fund and the other Governmental Funds classified by State law as budgeted funds. Each budget is presented on the modified accrual basis of accounting, utilizing encumbrances as described in Note A of the notes to the financial statements, which is not consistent with generally accepted accounting principles. All budgets are formulated in accordance with State law. The General Fund budget is based on the State's Foundation Program, which is designed to equalize taxing effort throughout the State and bases the budget primarily on enrollment. Budgets of other funds are based primarily on estimated expenditures and revenues. Budgeted fund expenditures are limited by State law to budgeted amounts, except that they can be increased for emergencies as defined by State law. Transfers may be made between expenditure objects and/or functions within the same fund.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2014

	Bus Depreciation Fund					
	Budgeted Amounts		Actual Amounts	Variance	Budget to GAAP	Actual
	Original	Final	Budgetary Basis	From Final Budget	Differences Over (Under)	Amounts GAAP Basis
Revenues						
District Levy	\$ 110,000	\$ 110,000	\$ 106,105	\$ (3,895)	\$ -	\$ 106,105
Penalty/Interest on Delinquent Taxes	-	-	124	124	-	124
Interest Earnings	-	-	435	435	-	435
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>106,664</u>	<u>(3,336)</u>	<u>-</u>	<u>106,664</u>
Expenditures						
Capital Outlay	110,000	110,000	85,750	24,250	85,750	-
Total Expenditures	<u>110,000</u>	<u>110,000</u>	<u>85,750</u>	<u>24,250</u>	<u>85,750</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>20,914</u>	<u>\$ 20,914</u>	<u>\$ 85,750</u>	<u>106,664</u>
Fund Balance, Beginning of Year			<u>13,843</u>			<u>13,843</u>
Fund Balance, End of Year			<u>\$ 34,757</u>			<u>\$ 120,507</u>

Explanation of differences:

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes. Encumbrances that are not spent are recorded as miscellaneous revenue on the budgetary basis.

\$ 85,750

NOTES TO THE BUDGET AND ACTUAL SCHEDULE

A budget is adopted by the Board of Trustees each fiscal year for the General Fund and the other Governmental Funds classified by State law as budgeted funds. Each budget is presented on the modified accrual basis of accounting, utilizing encumbrances as described in Note A of the notes to the financial statements, which is not consistent with generally accepted accounting principles. All budgets are formulated in accordance with State law. The General Fund budget is based on the State's Foundation Program, which is designed to equalize taxing effort throughout the State and bases the budget primarily on enrollment. Budgets of other funds are based primarily on estimated expenditures and revenues. Budgeted fund expenditures are limited by State law to budgeted amounts, except that they can be increased for emergencies as defined by State law. Transfers may be made between expenditure objects and/or functions within the same fund.

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	Technology Fund			
	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	From Final Budget
Revenues				
District Levy	\$ 65,000	\$ 65,000	\$ 62,863	\$ (2,137)
Penalty/Interest on Delinquent Taxes	-	-	81	81
Interest Earnings	100	100	163	63
Technology State Aide	5,671	5,671	5,671	-
Total Revenues	<u>70,771</u>	<u>70,771</u>	<u>68,778</u>	<u>(1,993)</u>
Expenditures				
Current:				
Instruction:				
Regular Programs	4,000	4,000	8,247	(4,247)
Supporting Services:				
School Administration	71,757	71,757	56,164	15,593
Library	-	-	1,834	(1,834)
Business	-	-	260	(260)
Total Expenditures	<u>75,757</u>	<u>75,757</u>	<u>66,505</u>	<u>9,252</u>
Net Change in Fund Balance	<u>\$ (4,986)</u>	<u>\$ (4,986)</u>	2,273	<u>\$ 7,259</u>
Fund Balance, Beginning of Year			9,985	
Fund Balance, End of Year			<u>\$ 12,258</u>	

NOTES TO THE BUDGET AND ACTUAL SCHEDULE

A budget is adopted by the Board of Trustees each fiscal year for the General Fund and the other Governmental Funds classified by State law as budgeted funds. Each budget is presented on the modified accrual basis of accounting, utilizing encumbrances as described in Note A of the notes to the financial statements, which is not consistent with generally accepted accounting principles. All budgets are formulated in accordance with State law. The General Fund budget is based on the State's Foundation Program, which is designed to equalize taxing effort throughout the State and bases the budget primarily on enrollment. Budgets of other funds are based primarily on estimated expenditures and revenues. Budgeted fund expenditures are limited by State law to budgeted amounts, except that they can be increased for emergencies as defined by State law. Transfers may be made between expenditure objects and/or functions within the same fund.

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST-EMPLOYMENT BENEFITS
 FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Value Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio Percentage	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$ -	\$ 1,246,329	\$ 1,246,329	0.00%	\$ 2,203,978	56.55%
June 30, 2013	\$ -	\$ 1,341,710	\$ 1,341,710	0.00%	\$ 2,203,978	60.88%
June 30, 2014	\$ -	\$ 1,470,147	\$ 1,470,147	0.00%	\$ 2,203,979	66.70%

SUPPLEMENTARY INFORMATION

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 EXTRACURRICULAR FUND
 STATEMENT OF REVENUES COLLECTED AND EXPENDITURES PAID
 ALL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2014

Fund Account	Beginning Balance	Revenues Collected	Expenditures Paid	Transfers In (Out)	Ending Balance
Big Muddy FFA District	\$ 2,880	\$ 3,348	\$ 1,090	\$ (728)	\$ 4,410
Book Account	247	116	169	-	194
Book Fair	2,823	8,776	9,437	(22)	2,140
B.P.A.	-	3,307	1,156	(22)	2,129
Class of 2014	6,090	4,032	8,910	(1,212)	-
Class of 2015	4,467	5,152	5,257	(45)	4,317
Class of 2016	3,110	400	316	(33)	3,161
Class of 2017	2,115	940	328	(28)	2,699
Class of 2018	527	2,009	1,446	(11)	1,079
Class of 2019	334	6,961	3,698	(37)	3,560
Class of 2020	-	124	-	(1)	123
Class of 2021	-	124	-	(1)	123
Concessions	411	16,717	15,757	60	1,431
Drama & Film	387	4	-	(4)	387
Music - Embers	51	1	-	(1)	51
Explore America	1,789	38,997	28,556	(198)	12,032
FACS Projects	213	490	393	(3)	307
FCCLA	6,788	16,663	15,390	(82)	7,979
FFA	6,779	37,056	38,382	619	6,072
Foreign Language	32	-	-	-	32
General	1	34,151	22,345	(10,946)	861
HS Boys Basketball	-	9,408	10,096	688	-
HS Cheerleading	-	-	200	200	-
HS Cross Country	-	2,606	2,606	-	-
HS Football	-	8,439	8,309	(130)	-
HS Girls Basketball	-	6,245	7,553	1,308	-
HS Golf	-	7,412	7,391	(21)	-
HS Pep Club	5,051	5,032	3,105	393	7,371
HS Science Club	2,809	3,558	3,905	(24)	2,438
HS Speech & Drama	-	5,449	5,544	95	-
HS Student Council	2,073	3,903	4,962	(376)	638
HS Track & Field	-	7,755	9,718	1,963	-
HS Volleyball	-	4,185	10,262	6,077	-
Interest 1	-	10	-	-	10
Letterpersons	64	1	-	(1)	64
LWC Football	-	182	2,324	2,142	-
MS Boys Basketball	-	1,240	1,240	-	-
MS Football	-	720	720	-	-
MS Girls Basketball	-	1,106	1,106	-	-
MS Pep Club	26	-	-	-	26
MS Student Council	58	1	-	-	59
MS Track & Field	-	-	50	50	-
MS Volleyball	-	1,331	1,331	-	-
Music	113	856	2,455	(750)	(2,236)
Publications	-	5,768	4,081	1,112	2,799
School Store	2,028	22	-	(21)	2,029
Shop Projects	10	-	-	-	10
Textile Enterprises	440	1,831	1,456	(9)	806
Tournament Fund	108	1	-	(1)	108
Total	<u>\$ 51,824</u>	<u>\$ 256,429</u>	<u>\$ 241,044</u>	<u>\$ -</u>	<u>\$ 67,209</u>

PLENTYWOOD PUBLIC SCHOOLS
 SHERIDAN COUNTY
 PLENTYWOOD, MONTANA
 SCHEDULE OF STUDENT ENROLLMENT

	<u>Per Enrollment Report</u>	<u>Per School Records</u>
FALL ENROLLMENT 10/13		
Elementary District		
Kindergarten	32	32
Grades 1-6	169	169
Grades 7-8	54	54
Total Elementary	<u>255</u>	<u>255</u>
High School District		
Grades 9-12	<u>119</u>	<u>119</u>
WINTER ENROLLMENT 12/13		
Elementary District		
Kindergarten	31	31
Grades 1-6	166	166
Grades 7-8	51	51
Total Elementary	<u>248</u>	<u>248</u>
High School District		
Grades 9-12	<u>115</u>	<u>115</u>
SPRING ENROLLMENT 2/14		
Elementary District		
Kindergarten	31	31
Grades 1-6	175	175
Grades 7-8	53	53
Total Elementary	<u>259</u>	<u>259</u>
High School District		
Grades 9-12	<u>117</u>	<u>117</u>

ADDITIONAL REPORTS



CHMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Plentywood Public Schools
Sheridan County
Plentywood, Montana

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plentywood Public Schools, Sheridan County, Montana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Plentywood Public Schools' basic financial statements, and have issued our report thereon dated July 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plentywood Public Schools' 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 Plentywood Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Plentywood Public Schools' 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

OFFICES IN GLASGOW, MALTA, SIDNEY, WOLF POINT AND GLENDIVE

Board of Trustees
Plentywood Public Schools
Internal Control and Compliance
Page Two of Two

However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as Finding #1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plentywood Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.



CHMS, P.C.
Certified Public Accountants
July 30, 2015

PLENTYWOOD PUBLIC SCHOOLS
SHERIDAN COUNTY
PLENTYWOOD, MONTANA
SCHEDULE OF FINDINGS
JUNE 30, 2014

FINDING #1 - DEFICIENCIES IN THE INTERNAL CONTROL STRUCTURE DESIGN

Condition

There is an absence of segregation of duties appropriate for a strong system of internal control.

Criteria

Internal Controls should be in place segregating the functions of:

1. Authorizing,
2. Recording,
3. Custody of Assets,
4. and Reconciling.

Cause

The size of the entity prevents adequate segregation of duties.

Effect

A material misstatement in the financial statements due to error, abuse, or fraud may not be detected and corrected in a timely manner.

Recommendation

The School has implemented compensating controls to the extent practical, and we are not recommending further action by the Board of Trustees. We believe the Board should be aware that this condition results in a greater risk of errors occurring and not being identified within a timely period, than would be the case if duties were appropriately segregated.

Response

No response required.

STATUS OF PRIOR YEAR'S FINDINGS

Finding #1 - Lack of Segregation of Duties
Finding #2 - Enrollment Discrepancy

No Implementation Required
Implemented