

**POWER SCHOOL DISTRICT NO. 30**

**TETON COUNTY  
POWER, MONTANA**

**FINANCIAL AND COMPLIANCE REPORT**

**Fiscal year Ended June 30, 2014**

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

**PO BOX 1980  
Billings, Montana 59103**

Power School District No. 30  
Teton County  
Power, Montana 59468

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Power School District No. 30  
Teton County  
Power, Montana 59468

ORGANIZATION

BOARD OF TRUSTEES

Steven K. Young	Chair
Penny Smoot	Vice Chair
Kelly Holbrook	Trustee
Mark Jensen	Trustee
Ken May	Trustee

OFFICIALS

Loren Dunk	Superintendent
Steve Timmerman	District Clerk
Diane Inbody	County Superintendent
Joe Cobel	County Attorney

**Power Public School District #30**  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
*July 01, 2013 - June 30, 2014*

## **Management's Discussion and Analysis**

This section of the Power School District Financial Statements present the management's discussion and analysis of the district's financial performance during the fiscal year (FY) ending June 30, 2014. This narrative overview and analysis of the financial activities of the Power District includes a comparison of prior year financial statements as per compliance with Governmental Accounting Standards Board Statement #34. Readers of the management's discussion and analysis are encouraged to consider the information presented in this section as well as other areas of the financial statements.

### **Financial Highlights**

- ✦ The Power School District assets exceeded the district liabilities at the close of FY 2014 by \$2,571,719 which represents 6.4% increase from FY 2013.
- ✦ The overall revenues from all sources for the Power School District for FY 2014 were \$1,972,683 which represented a 9.7% increase from FY 2013.
- ✦ State equalization sources of revenue increased by 3.1%, while other state sources of revenue were up 17.1% in FY 2014.
- ✦ Property tax revenue collected at the local level increased by 4% or \$19,483 in FY 2014.
- ✦ Revenue from operating grants and contributions decreased by 28.7% or \$65,765 in FY 2014.
- ✦ State sources of revenue accounted for 48.9% of the total Power School District revenue and 25.6% from local property taxes in FY 2014 compared with 49.3% from the state and 27% from local taxes in FY 2013.
- ✦ The Power School District expenses for FY 2014 were \$1,816,935 which represents a 4% decrease from FY 2013.
- ✦ The Power School District revenues exceeded expenses for FY 2014 by \$155,748.
- ✦ The Power School District net position increased by 6.4% at the close of FY 2014.
- ✦ Expenses for instruction, operation and maintenance, and administrative services account for 79% (78.2% in FY 2013) of the district expenses in 2014.
- ✦ The district has total governmental fund balances of \$1,038,121 at the end of FY 2014, which is a 10.9% increase from FY 2013.
- ✦ The overall financial position of the Power School District is very good and continued to improve in FY 2014.

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MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
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**Overview of the Power School District Financial Statements**

The management's discussion and analysis report is intended to serve as an introduction to the basic financial statements of the Power K-12 Schools. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. It also, contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Power School District finances in a manner similar to a private-sector business. This broad overview will be accomplished using a *statement of net position* and a *statement of activities*. Each statement will distinguish between governmental and business type activities and between the total governmental and business type activities of the school district.

The *statement of net position* presents information on all of the assets and liabilities of the Power School District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Power School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Power School District principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Most services normally associated with school government fall into the governmental activity category including instruction, support services, general, school and business administrative services, operation and maintenance, student transportation, community services, and other expenditures. The Power District does not operate any business-type activities.

**Fund-based Financial Statements**

Fund-based financial statements, consisting of a series of statements, provide information about government's major and non-major governmental funds. These governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The governmental fund statements consist of the balance sheet and statement of revenues, expenditures, and change in fund balance.

A *fund* is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The Power District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Power District can be divided into three categories: governmental, proprietary, and fiduciary funds.

**Power Public School District #30**  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
*July 01, 2013 - June 30, 2014*

**Governmental funds**

*Governmental funds* are used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions of the Board of Trustees of the Power Schools. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Power Elementary District and High School District are recognized by state law as separate entities, but for the purposes of this discussion are combined. Major governmental funds are reported separately and all other funds are combined for this report. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Miscellaneous Programs High School Fund as they were considered to be the major funds in FY 2014. The other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Power District adopts an annual appropriated budget for its general funds, select special revenue, debt service, and building reserve funds as required by state law. A budgetary comparison is provided for all budgeted funds later in this report.

**Proprietary funds**

Proprietary funds statements offer short-term and long-term financial information about the activities the district may operate similar to business. Enterprise funds account for activities for which a fee is charged to external users and internal service funds account for activities that provide goods or services to other funds. The Power District does operate an internal service fund.

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds may include pension and employee benefit trust funds where resources are held in trust for employee benefit plans. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the programs of the Power School District. Student activity accounts and scholarship trusts are the most common fiduciary funds in school districts. The Power School District has fiduciary funds in their Student Activity Account Fund and a private Endowment Trust Fund.

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**Notes to the Financial Statements**

The notes to the financial statements provide additional information that can be very helpful to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information**

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* concerning the official student enrollment and federal grant audit reports.

**Government-wide Financial Analysis**

As noted earlier, the net position may serve over time as a useful indicator of the financial condition of the district. In the case of the Power District, assets exceeded liabilities by \$2,571,719 at the close of FY 2014. The net position for the district at the end of FY 2014 showed a 6.4% increase from the close of FY 2013. The increase was the result of a 5.6% increase in total assets and a 7.1% decrease in liabilities. The increase in total assets was the result of a \$100,993 increase in current assets along with a \$43,093 increase in capital assets from FY 2013 to FY 2014. The decrease in liabilities was mostly due to a payment on the capital asset debt. The following chart presents information on the districts net position for FY 2013 & 2014. The right hand column shows the percentage change in each category. The chart clearly shows that the financial position of the Power District is very good and continued to improve in FY 2014.

**Net Position of the Power School District**

	Governmental Activities			
	FY 2013	FY 2014	Change	% Change
Current and Other Assets	\$1,227,485	\$1,328,478	\$100,993	8.2%
Capital Assets, net	\$1,353,837	\$1,396,930	\$43,093	3.2%
<b>Total Assets</b>	<b>\$2,581,322</b>	<b>\$2,725,408</b>	<b>\$144,086</b>	<b>5.6%</b>
Current Liabilities	\$20,500	\$32,605	\$12,105	59.0%
Long-term Liabilities Outstanding	\$144,851	\$121,084	(\$23,767)	-16.4%
<b>Total Liabilities</b>	<b>\$165,351</b>	<b>\$153,689</b>	<b>(\$11,662)</b>	<b>-7.1%</b>
<b>Net Position</b>				
Investment in Capital Assets Net of Related Debt	\$1,231,701	\$1,295,492	\$63,791	5.2%
Restricted	\$962,325	\$740,012	(\$222,313)	-23.1%
Unrestricted	\$221,945	\$536,215	\$314,270	141.6%
<b>Total net position</b>	<b>\$2,415,971</b>	<b>\$2,571,719</b>	<b>\$155,748</b>	<b>6.4%</b>

A large portion of the net position of the Power District at the close of FY 2014 (50.4%) reflects the investment by the school district in capital assets such as land, buildings, machinery, and equipment. The capital assets of the Power District have related debt due to recent improvements on the school buildings. The decrease in long-term liabilities is mostly related to payments on the debt for improvements to school buildings. The increase in capital assets is mostly due to the improvements to land and the addition of machinery and equipment. The Power School District uses these capital

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assets to provide educational and related services to students; and as a result, these assets are not available for future spending. A portion of the net position of the Power School District represents resources that are subject to external restrictions on how they may be used. These *restricted* assets represent 28.8% (39.8% in FY 2013) or \$740,012 of the district net position in FY 2014. The restricted net position decreased by 23.1% from FY 2013 to FY 2014. Another portion of the net position of the Power School District (20.9 percent or \$536,215) represent *unrestricted net position* which may be used to meet the ongoing obligations of the school district to citizens and creditors. The unrestricted funds increased 141.6% from FY 2013 to FY 2014. The Power School District was able to report a positive balance of net position for both the government and governmental activities. The net position of the District showed an increase of \$155,748 in FY 2014 after a decrease of \$58,076 during FY 2013.

**District Wide - Statement of Activities**

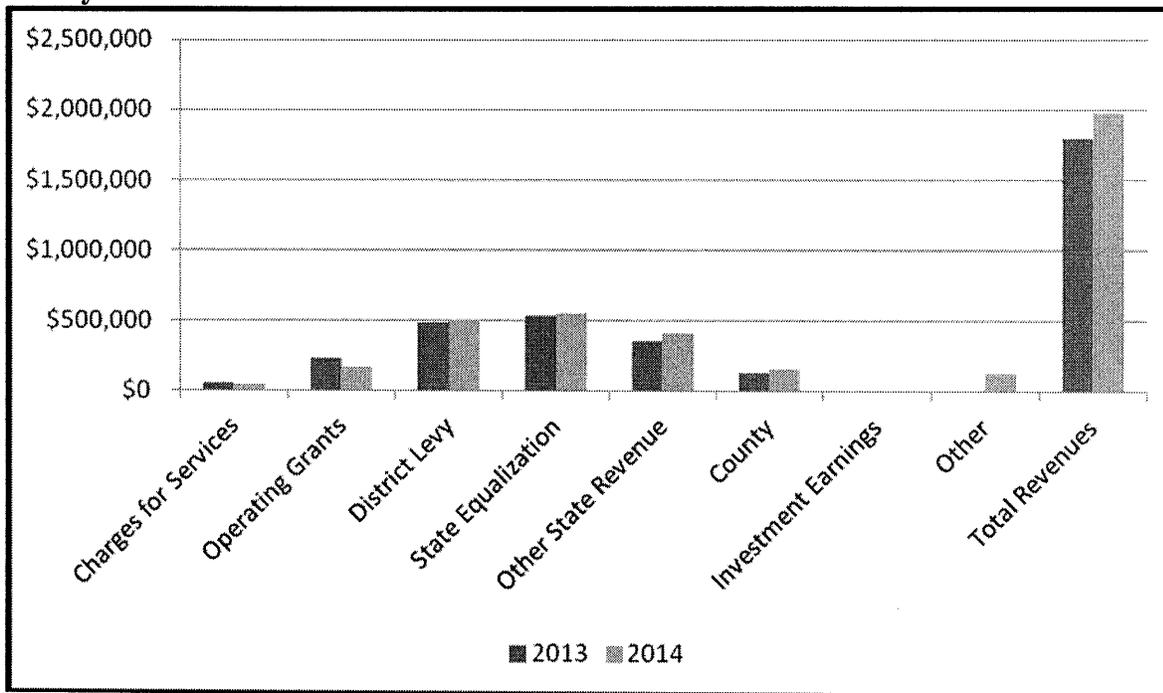
	<b>Governmental Activities</b>			
	FY 2013	FY 2014	Change	% Change
<b>Program Revenues</b>				
Charges for Services	\$54,512	\$47,238	(\$7,274)	-13.3%
Operating Grants	\$229,240	\$163,475	(\$65,765)	-28.7%
<b>General Revenues</b>				
District Levy	\$485,621	\$505,104	\$19,483	4.0%
State Equalization	\$533,202	\$549,849	\$16,647	3.1%
Other State Revenue	\$354,835	\$415,501	\$60,666	17.1%
County	\$130,325	\$155,646	\$25,321	19.4%
Investment Earnings	\$8,974	\$3,766	(\$5,208)	-58.0%
Other	\$1,000	\$132,104	\$131,104	13110.4%
<b>Total Revenues</b>	<b>\$1,797,709</b>	<b>\$1,972,683</b>	<b>\$174,974</b>	<b>9.7%</b>
<b>Program Expenses</b>				
Instruction	\$929,164	\$993,743	\$64,579	7.0%
Support	\$44,322	\$22,734	(\$21,588)	-48.7%
Media	\$22,575	\$29,936	\$7,361	32.6%
Administration:	\$249,259	\$250,882	\$1,623	0.7%
O & M	\$303,583	\$191,429	(\$112,154)	-36.9%
Transportation	\$133,652	\$124,092	(\$9,560)	-7.2%
Extracurricular	\$111,468	\$100,738	(\$10,730)	-9.6%
School Food	\$95,524	\$96,218	\$694	0.7%
Loss on Assets	\$0	\$4,733	\$4,733	100%
Interest	\$2,494	\$1,171	(\$1,323)	-53.0%
Depreciation-unallocated	\$1,258	\$1,259	\$1	0.1%
<b>Total Expenses</b>	<b>\$1,893,299</b>	<b>\$1,816,935</b>	<b>(\$76,364)</b>	<b>-4.0%</b>
<b>Change in Net Position</b>	<b>(\$95,590)</b>	<b>\$155,748</b>	<b>\$251,338</b>	<b>-262.9%</b>
<b>Prior Period Adjustment</b>	<b>\$37,514</b>		<b>(\$37,514)</b>	<b>-100.0%</b>
<b>Net Position Beginning Yr.</b>	<b>\$2,474,046</b>	<b>\$2,415,971</b>	<b>(\$58,075)</b>	<b>-2.3%</b>
<b>Net Position End of Year</b>	<b>\$2,415,971</b>	<b>\$2,571,719</b>	<b>\$155,748</b>	<b>6.4%</b>

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Changes in district wide governmental activities from FY 2013 to FY 2014 include:

- ✚ Total revenues for the district were up 9.7% or \$174,974.
- ✚ Total expenses for the district were down 4% or \$76,364.
- ✚ Revenue from property taxes was up 4% or \$19,483.
- ✚ State equalization revenue was up \$16,647 or 3.1%.
- ✚ Other state revenue was up 17.1% or \$60,666.
- ✚ County revenue was up 19.4% or \$25,321.
- ✚ Interest earnings were down 58% or \$5,208.
- ✚ District instruction expenses were up 7% or \$64,579.
- ✚ Administration expenses were up \$1,623 or .7%.
- ✚ Student Transportation expenses decreased 7.2% or \$9,560.
- ✚ Operation and maintenance costs were down \$112,154 or 36.9%.
- ✚ Revenue from operating grants and contributions was down 28.7% or \$65,765.
- ✚ Revenue from charges for services was down 13.3% or \$7,274.
- ✚ Extracurricular expenses decreased by \$10,730 or 9.6%.
- ✚ Media (library) costs were up 32.6% or \$7,361.
- ✚ Support services costs were down 48.7% or \$21,588.

**Revenue by Source – Governmental Activities**

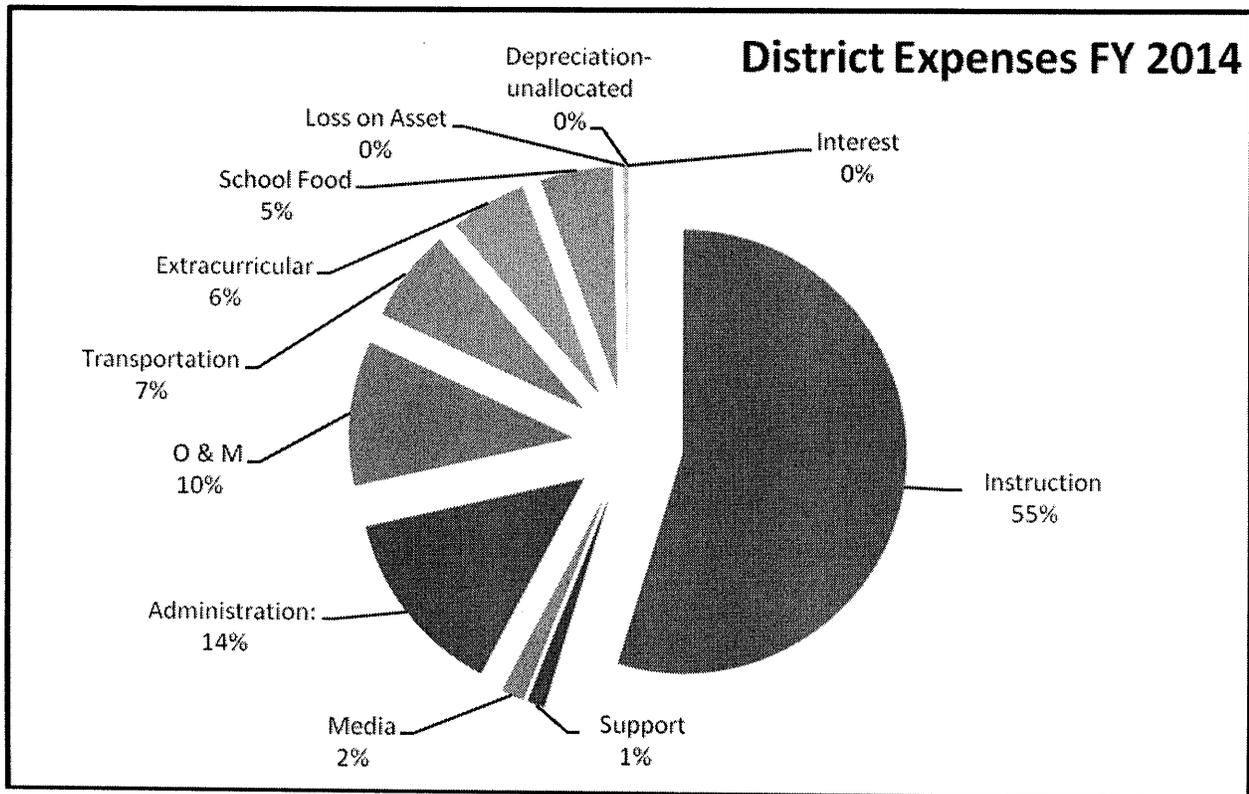
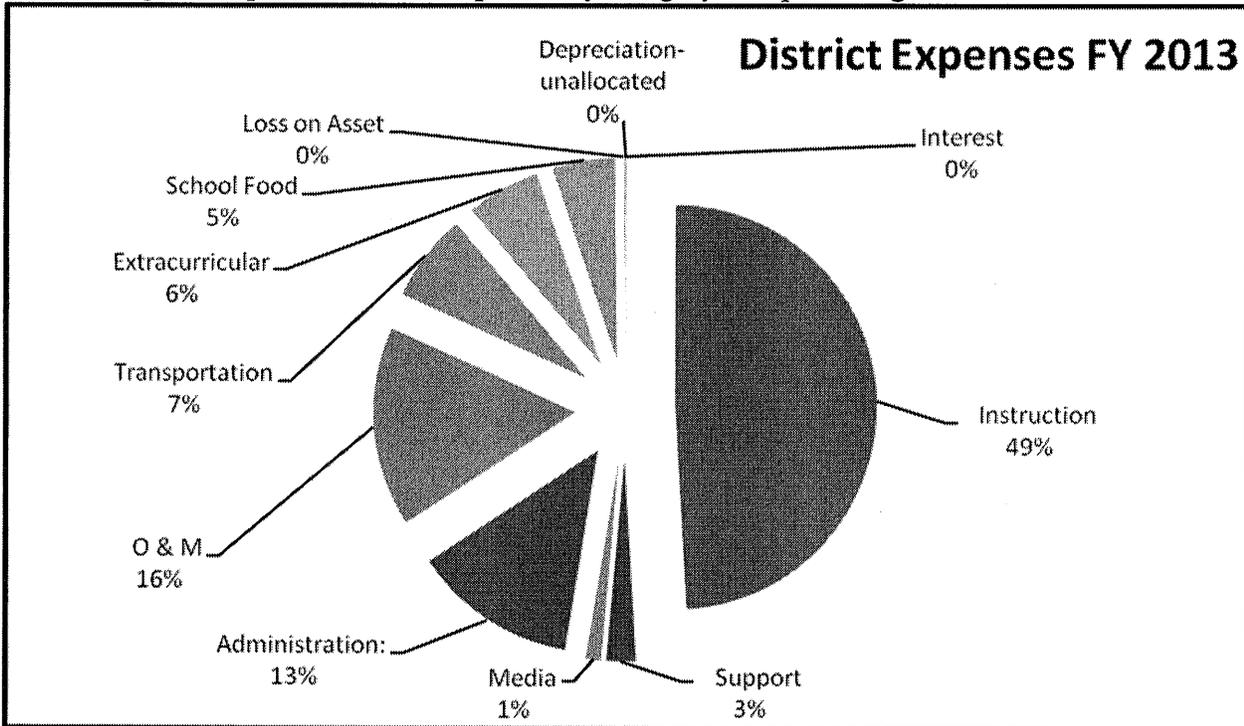


The bar graph presented above shows that state equalization was the largest source of revenue for the Power District followed by property taxes, and other sources of state revenue. Major changes between FY 2013 and FY 2014 were an increase in the state equalization payments, other state revenue, and the district levy along with a decrease in revenue from operating grants and charges for services. The three highest revenue sources remained the same in FY 2014 with state equalization payments the largest source of revenue for the district. Generally, since state law requires levied fund budgets to be “balanced,” the changes in expenditures matched the changes in the revenues of these funds.

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**District Expenses**

The following charts present district expenses by category as a percentage of the whole.



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The pie graph's for district expenses shows the allocation of resources for specific purposes in the Power Schools during FY 2013 and FY 2014. The graphs illustrates the major expenditure areas, with instruction costs accounting for 49% in FY 2013 and 55% of the district expenses in FY 2014, operation & maintenance costs accounted for 16% and 10% of the district expenses, and administration accounting for 13% and 14% of the district expenses. Instruction expenses increased 6% of the total expenses in FY 2014 followed by increases of 1% in media and administration along with decreases of 2% in support services along with a 6% decrease in operation & maintenance.

### **Financial Analysis of the Government's Funds**

Fund accounting is mandated by Montana State law and is used by the Power School District to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental funds***

The focus of the *governmental funds* of the Power School District is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the financial requirements of the school district. In particular, *unassigned fund balance* may serve as a useful measure of the net resources available for spending at the end of the year.

At the end of FY 2013, the governmental funds of the school district reported a combined ending fund balance of \$935,914 and at the end of FY 2014 the fund balance was \$1,038,121 which represents a 10.9% increase. Approximately 26.9% (22.1% in 2013) of this total amount constitutes *unassigned fund balance*, which is available for spending at the discretion of the Board of Trustees.

The general fund is the main operating fund of the Power School District. At the end of FY 2013, the General Fund had a balance of \$233,877 and at the close of FY 2014 the balance was \$314,703. The General Fund unassigned balance was \$279,628 for FY 2014 which represents 88.8% of the fund balance. The total fund balances in the district increased \$102,207 from the end of FY 2013 to the end of the FY 2014 while the general fund balance increased \$80,826.

### **Governmental Fund Financial Statements**

Fund-based financial statements, consisting of a series of statements, provide information about the government's major and non-major funds. Governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The governmental funds balance sheet for fiscal years 2013 and 2014 are comprised of major funds and all other funds. The major funds in FY 2014 were the General Fund and Miscellaneous Programs Funds for the high school. The Other Funds category includes the remainder of the governmental district funds. The governmental balance sheet for FY 2013 and FY 2014 demonstrates that the Power School District is in very good financial condition. The District has considerable amounts of cash and investments in the general fund which makes up 30.3% (24.9% in 2013) of the total fund balances. The District has a minimal amount of liability attached to these same funds. The Power District fund balances would seem to be strong enough to resolve any reasonable financial situation that might occur.

**Power Public School District #30**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
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**Statement of Revenues, Expenditures, and Changes in Fund Balances**

The statement of revenues, expenditures, and changes in fund balances presents revenue and expenditures in each of the major fund categories. The major funds in 2014 were the General Fund and Miscellaneous Programs Funds for the high school. The other funds category includes all the remaining governmental funds that the district is utilizing. State Aid is the major revenue source for the district general fund category at 73.7% (73.2% in 2013) followed by property taxes at 26.1% (26.5% in 2013). The major expenditure in the general fund is instruction. Instruction expenditures make up 58.9% (55% in 2013) of the general fund total cost for 2014. General administrative services along operation and maintenance services with rank 2 and 3 respectively for general fund expenditures in 2014. The district analysis indicates that total fund balances increased 10.9% from FY 2013 to FY 2014.

**General Fund Budgetary Highlights**

During FY 2014 the Power District had only very minor differences from the original and final budget to the actual budget in the General Fund. Actual amounts of revenue collected varied from the budgeted amounts by only \$5,223 less than was expected. State sources of revenue was the same as was expected, district levies collected approximately \$4,191 less than was budgeted, and interest earnings were down \$1,032 which caused the total revenue collected to be \$5,223 less than was expected. The total district expenditures were \$5,669 less than what was budgeted, which resulted in \$446 more revenue than expenses. Instructional expenditures were \$26,315 more than expected while operation & maintenance services were \$23,143 less than the final budget. The remaining general fund expenditure areas experienced minor differences from the budget during FY 2014.

**Capital Asset and Debt Administration**

**Capital Assets of the Power School District**

Capital Assets	Governmental Activities			% Change
	Balance 7/1/2013	Changes	Balance 6/30/2014	
Land	\$9,500	\$0	\$9,500	0.00%
Land improvements	\$152,539	\$21,717	\$174,256	14.24%
Buildings & Improvements	\$1,615,833	\$0	\$1,615,833	0.00%
Machinery & Equipment	\$689,881	\$43,953	\$733,834	6.37%
Totals at Historical Cost	\$2,467,753	\$65,670	\$2,533,423	2.66%
Less Accumulated Depreciation for:				
Land & Land Improvements	(\$77,471)	(\$6,532)	(\$84,003)	8.43%
Buildings & Improvements	(\$589,240)	(\$22,935)	(\$612,175)	3.89%
Machinery & Equipment	(\$447,205)	\$6,890	(\$440,315)	-1.54%
Total Accumulated Depreciation	(\$1,113,916)	(\$22,577)	(\$1,136,493)	2.03%
Capital Assets net of depreciation	\$1,353,837	\$43,093	\$1,396,930	3.18%

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***Capital assets***

The investment by the Power School District in capital assets for governmental activities as of June 30, 2014, was \$1,396,930 after depreciation was subtracted. This investment in capital assets included land, building improvements, buildings, furniture, and equipment. The value of the capital assets for the Power District showed a 3.18% increase for FY 2014 mainly due to some land improvements and the addition of machinery and equipment. The Capital Assets of the district does have \$101,438 of debt from a state loan for improvements to the school buildings.

**Long-term debt**

At the end of FY 2014, the Power School District had debt from a state loan outstanding of \$101,438. The district also had long-term liabilities of \$38,561 for compensated absences of employees and \$13,690 for Other Post Employment Benefits.

**Economic Factors and Fiscal Year Budgets for FY 2013 and FY 2014**

- ✦ The population of Teton County decreased by .1% or about 8 residents from 2010 to 2013. This compares to the Montana average of a 2.6% increase.
- ✦ Residents of Teton County under the age of 18 made up 23.1% of the population in 2013 compared to the state at 22.1%.
- ✦ Student enrollment numbers are converted to "Average Number (of students) Belonging" and are used to fund the district. Enrollment numbers varied at each level from 2012-2013 to 2013-2014: Elementary decreased by 2 ANB and the high school numbers increased by 3 ANB. The enrollment increase was 1 student or .7% of the total enrollment.
- ✦ The unemployment rate for Teton County was 3% in May of 2014. This compares to Montana rate of 4.6% in May of 2014.
- ✦ The poverty rate for Teton County was 13.7% from 2008-2012, when Montana was at 14.8%.
- ✦ The median household income for Teton County from 2008-2012 was \$42,423 while Montana was at \$45,456.

All of these and other factors were considered in preparing the FY 2013 & FY 2014 budgets for the Power School district.

**Requests for Information**

The information and data included in this management's discussion and analysis report is designed to provide a general overview of the finances of Power School District for all those with an interest in the government's finances. Questions concerning any of the information contained in this report should be addressed to the Power administration and business office located in Power, Montana.

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Power School District No. 30  
Teton County  
Power, Montana 59468

**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 Power School District No. 30 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 Power School District No. 30 as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows 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 3-12) and the schedule of funding for other post-employment benefits other than pensions (page 34) and budgetary comparison information (pages 35-38) 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 Power School District No. 30's basic financial statements. The accompanying schedule of revenues, expenses and balances student activity funds (page 39) and schedule of reported enrollment (page 40) 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 March 12, 2015 on our consideration of Power School District No. 30 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 Power School District No. 30 internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC  
Billings, Montana  
March 12, 2015

STATEMENT OF NET POSITION  
as of June 30, 2014

	Governmental Activities
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,256,359
Taxes Receivable	28,100
Accounts Receivable - Net	29,912
Due From Other Governments	1,212
Inventories	12,895
Total Current Assets	1,328,478
Noncurrent Assets:	
Capital Assets:	
Land	9,500
Net Depreciable Assets	1,387,430
Total Noncurrent Assets	1,396,930
Total Assets	\$ 2,725,408
<b>LIABILITIES:</b>	
Current Liabilities	
Current Portions Compensated Absences	\$ 11,568
Current Portion Long-Term Capital Obligations	21,037
Total Current Liabilities	32,605
Noncurrent Liabilities:	
Other Post Employment Benefit Liability	13,690
Compensated Absences	26,993
Long-Term Capital Obligations	80,401
Total Noncurrent Liabilities	121,084
Total Liabilities	153,689
<b>NET POSITION:</b>	
Net investment in capital assets	1,295,492
Restricted	740,012
Unrestricted (Deficit)	536,215
Total Net Position	2,571,719
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,725,408

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
<b>GOVERNMENT OPERATIONS</b>				
Instructional Services	\$ 993,743	\$ 1,625	\$ 88,381	\$ (903,737)
Support Services	22,734	-	-	(22,734)
Educational Media Services	29,936	-	-	(29,936)
General Administrative Services	250,882	17,082	-	(233,800)
Operation & Maintenance Services	191,429	-	-	(191,429)
Transportation Services	124,092	-	54,370	(69,722)
School Food Services	96,218	28,531	20,724	(46,963)
Extracurricular	100,738	-	-	(100,738)
Debt Service				
Interest and other charges	1,171	-	-	(1,171)
Unallocated Depreciation Expense *	1,259	-	-	(1,259)
<b>Total Governmental Activities</b>	<u>1,812,202</u>	<u>47,238</u>	<u>163,475</u>	<u>(1,601,489)</u>
<b>GENERAL REVENUES</b>				
District Levies				505,104
State Equalization				549,849
Other State Revenues				415,501
County				155,646
Interest				3,766
Other				132,104
Gain (loss) on Sale of Assets				(4,733)
<b>Total General Revenues</b>				<u>1,757,237</u>
<b>Change in Net Position</b>				155,748
<b>Net Position</b>				
Beginning of the Year				<u>2,415,971</u>
End of the Year				<u>\$ 2,571,719</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			
	General	Miscellaneous Programs (HS)	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 314,703	\$ 166,466	\$ 542,845	\$ 1,024,014
Taxes Receivable	19,649	-	8,451	28,100
Due From Other Governments	-	-	1,212	1,212
Inventories	-	12,895	-	12,895
<b>Total Assets</b>	<b>\$ 334,352</b>	<b>\$ 179,361</b>	<b>\$ 552,508</b>	<b>\$ 1,066,221</b>
<b>LIABILITIES:</b>				
Total Liabilities	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Property Taxes Receivable	19,649	-	8,451	28,100
<b>Total Deferred Inflows of resources</b>	<b>19,649</b>	<b>-</b>	<b>8,451</b>	<b>28,100</b>
<b>FUND BALANCE:</b>				
<b>Fund Balances:</b>				
Nonspendable	-	12,895	-	12,895
Restricted	-	166,466	544,057	710,523
Assigned	35,075	-	-	35,075
Unassigned:	279,628	-	-	279,628
<b>Total Fund Balance</b>	<b>314,703</b>	<b>179,361</b>	<b>544,057</b>	<b>1,038,121</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 334,352</b>	<b>\$ 179,361</b>	<b>\$ 552,508</b>	<b>\$ 1,066,221</b>

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance reported above	\$ 1,038,121
Internal Service Fund Net Position	333,763
Governmental Capital Assets (excluding internal service fund assets of \$71,506)	1,325,424
Long-term Liabilities	
Long-Term Obligations	(13,690)
Compensated Absences	(38,561)
Long-Term Capital Obligations	(101,438)
Unavailable Property Taxes Receivable	28,100
<b>Net Position of Governmental Activities</b>	<b>\$ 2,571,719</b>

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

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
for the year ended June 30, 2014

	MAJOR		Other Governmental Funds	Total Governmental Funds
	General	Miscellaneous Programs (HS)		
<b>REVENUES:</b>				
District Levies	\$ 348,460	\$ -	\$ 154,843	\$ 503,303
Interest	1,484	-	1,605	3,089
Charges for Services	-	-	30,156	30,156
Other	-	110,050	17,419	127,469
County	-	-	183,536	183,536
State	983,604	1,909	32,542	1,018,055
Federal	-	1,623	81,257	82,880
<b>Total Revenues</b>	<b>1,333,548</b>	<b>113,582</b>	<b>501,358</b>	<b>1,948,488</b>
<b>EXPENDITURES:</b>				
<b>Current</b>				
Instructional Services	771,047	22,931	184,697	978,675
Support Services	19,605	-	3,129	22,734
Educational Media Services	27,230	-	2,706	29,936
General Administrative Services	193,062	-	56,974	250,036
Operation & Maintenance Services	168,003	-	22,238	190,241
Transportation Services	-	-	105,133	105,133
School Food Services	35,540	-	58,974	94,514
Extracurricular	71,746	-	6,397	78,143
Debt Service	-	-	-	-
Principal	20,698	-	-	20,698
Interest and other charges	1,171	-	-	1,171
Capital Outlay	-	-	75,000	75,000
<b>Total Expenditures</b>	<b>1,308,102</b>	<b>22,931</b>	<b>515,248</b>	<b>1,846,281</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>25,446</b>	<b>90,651</b>	<b>(13,890)</b>	<b>102,207</b>
<b>OTHER FINANCING SOURCES/USES</b>				
Fund Transfers In	576	-	-	576
Fund Transfers (Out)	-	-	(576)	(576)
<b>Total Other financial Sources/Uses</b>	<b>576</b>	<b>-</b>	<b>(576)</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>26,022</b>	<b>90,651</b>	<b>(14,466)</b>	<b>102,207</b>
<b>FUND BALANCE:</b>				
Beginning of the Year	233,877	88,710	613,327	935,914
Prior Period Adjustments	54,804	-	(54,804)	-
<b>End of the Year</b>	<b>\$ 314,703</b>	<b>\$ 179,361</b>	<b>\$ 544,057</b>	<b>\$ 1,038,121</b>

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

Power School District No. 30  
Teton County  
Power, Montana 59468

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

Net Changes in Fund Balance		\$	102,207
Change in net position from internal service funds			11,625
Revenues on the Statement of Activity not included in governmental funds statement:			
Increase (decrease) in taxes receivable			1,801
Expenses on the Statement of Activity not included in the governmental funds statement:			
Depreciation Expense	(63,531)		
(Increase) decrease in Other Post Employment Benefits	(13,690)		
(Increase) decrease in compensated absence liability	<u>4,654</u>	(72,567)	
Expenditures reported in the governmental funds statement not included in the Statement of Activity			
Capital outlays	96,717		
Gain loss on sale of assets	(4,733)		
Principal payments on bonds	<u>20,698</u>	<u>112,682</u>	
Change in net position reported on the Statement of Activity		\$	<u>155,748</u>

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

Power School District No. 30  
Teton County  
Power, Montana 59468

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

	<u>Governmental Activities - Internal Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 232,345
Other Current Assets	<u>29,912</u>
Total Current Assets	<u>262,257</u>
Noncurrent Assets:	
Net Depreciable Assets	<u>71,506</u>
Total Noncurrent Assets	<u>71,506</u>
Total Assets	<u>\$ 333,763</u>
LIABILITIES:	
Total Liabilities	<u>-</u>
NET POSITION:	
Net investment in capital assets	71,506
Unrestricted (Deficit)	<u>262,257</u>
Total Net Position	<u>333,763</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 333,763</u>

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

Power School District No. 30  
Teton County  
Power, Montana 59468

STATEMENT OF REVENUES,  
EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
for the year ended June 30, 2014

Governmental Activities - Internal Service

OPERATING REVENUES:	
Charges for Services	<u>30,573</u>
Total Operating Revenues	<u>30,573</u>
OPERATING EXPENSES:	
Depreciation	<u>19,625</u>
Total Operating Expense	<u>19,625</u>
OPERATING INCOME (LOSS)	<u>10,948</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	<u>677</u>
Total nonoperating revenue (expenses)	<u>677</u>
CHANGE IN NET POSITION	11,625
NET POSITION:	
Beginning of the Year	<u>322,138</u>
End of the Year	<u>\$ 333,763</u>

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

Power School District  
Teton County  
Power, MT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
for the year ended June 30, 2014

	Governmental Activities - <u>Internal</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 31,543
Net Cash Provided (Used) by Operating Activities	<u>31,543</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases of Capital Assets	<u>(34,265)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(34,265)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and Dividends	<u>677</u>
Net Cash Provided (Used) by Investing Activities	<u>677</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>(2,045)</u>
<b>BALANCE:</b>	
Beginning of the Year	<u>234,390</u>
End of the Year	<u>\$ 232,345</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating Income (Loss)	\$ 10,948
Adjustments to Reconcile Operating Income to	
Depreciation Expense	19,625
Changes In Assets and Liabilities:	
Accounts Receivable	<u>970</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 31,543</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	\$ 133,139	\$ 307,675
Total Assets	<u>133,139</u>	<u>307,675</u>
LIABILITIES:		
Warrants Payable	-	307,675
Total Liabilities	<u>-</u>	<u>307,675</u>
NET POSITION:		
Restricted for Endowment	15,543	-
Restricted for Student Activities	117,596	-
Total Net Position	<u>\$ 133,139</u>	<u>\$ -</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
for the year ended June 30, 2014

	Private Purpose Trust
	Funds
ADDITIONS:	
Revenues from Student Activities	\$ 145,311
Contributions to Endowment	9,000
Total Additions	<u>154,311</u>
DEDUCTIONS:	
Expenses of Student Activities	131,087
Student Scholarships	4,000
Total Deductions	<u>135,087</u>
CHANGE IN NET POSITION	19,224
NET POSITION:	
Beginning of the Year	<u>113,915</u>
End of the Year	<u>\$ 133,139</u>

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

POWER SCHOOL DISTRICT NO. 30

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. a. REPORTING ENTITY

The basic financial statements of Power School District No. 30 (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.

I. b. BASIS OF PRESENTATION AND ACCOUNTING

I. 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 and internal service funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

POWER SCHOOL DISTRICT NO. 30

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, 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 considered to be both measurable and available to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received and the expenditure has not been incurred they are recorded as unearned grant revenues because the revenues are available. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, 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 and assessments 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund is charges to customers for services provided. Operating expenses for internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 should be reported in separate columns as major funds based on these criteria:

POWER SCHOOL DISTRICT NO. 30

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

- 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:

- 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 flexibility fund since the restrictions on those funds are similar to the general fund.
- High School Miscellaneous Fund – This fund is used to account for local, state or federal grants and reimbursements. Donations that allow the expenditure of both principal and interest for support of School District programs are deposited in this fund.

1. b. 3 OTHER FUND TYPES

Internal Service Funds – Accounts for the financing of goods or services provided by one department to other departments of the School District, or to other governments, on a cost reimbursement basis. The fund includes a purchasing service fund. Because all of the services predominately benefit governmental rather than business type functions, they are included with governmental activities in the government-wide financial statements.

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.

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 Teton 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

The district's reported inventory consists of donated jewelry with an estimated fair market price of \$12,895. At June 30, 2014, the district has not sold the donated jewelry. Inventory relating to school food services and supplies was not material so all inventory was included as expenditures at the time of purchase.

POWER SCHOOL DISTRICT NO. 30

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

1. c. 4 CAPITAL ASSETS

The School District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Historical cost was established at the initial booking of the capital assets by determining actual costs or estimating using standard costing procedures. The 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:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings	15 – 100 years
Improvements other than buildings	15 - 50 years
Machinery and Equipment	10 years

1.c. 5 DEFERRED INFLOWS OF RESOURCES

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 one source: 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. Certified employees with over 20 years of services received 25% of accumulated leave balances at the then current substitute rate of pay per day.

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 \$11,568 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:

- Non-spendable - Includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- 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.

POWER SCHOOL DISTRICT NO. 30

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

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

Purpose	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
Instructional - Regular	\$ 0	\$ 14,954	\$ 35,075
Operations and Maintenance	0	17,461	0
Student Transportation	0	161,481	0
School Food	0	3,004	0
Third Party Grantor Restrictions	12,895	193,398	0
Employer Retirement Benefits	0	61,966	0
Future Technology	0	102,330	0
Future Capital Costs	0	155,929	0
Total	<u>\$ 12,895</u>	<u>\$ 710,523</u>	<u>\$ 35,075</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 and 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 Teton 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 Teton County. The collections made by the Teton 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 Teton County Treasurer. No service charges have been recorded by the School District or Teton County.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2014, the summary of cash, cash equivalents for governmental and business-type activities, 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	\$ 1,256,359	\$ 440,814	\$ 1,697,173

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

	<u>Amount</u>
Cash on Hand	\$ 1,600
Demand Accounts	118,437
County Investment Pool	1,577,136
Total	<u>\$ 1,697,173</u>

Cash resources of the School District are held and managed by the Teton County Treasurer pursuant to State Law. They are combined with cash resources of other governmental entities within Teton County to form a pool of cash and cash equivalents. Investments of pooled cash consist primarily of certificates of deposit 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 Teton County government. Because of the custodial involvement of the Teton County government, and the commingling of cash in County deposits in the name of the Teton County Treasurer, full risk classifications according to GASB 40 are available in the Teton County's annual report. There is no known maturity and credit rating of the Teton County Investment Pool.

POWER SCHOOL DISTRICT NO. 30

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

The cash of the extracurricular funds is held separately by the School District, not at the Teton County. As of June 30, 2014, \$118,437 was exposed to custodial credit risk and was covered by FDIC insurance.

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 \$1,607,014 for the Elementary School District and \$1,744,905 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>Mill Levies</u>	<u>Taxes Receivable</u>
<u>Elementary Fund</u>		
General*	129.15	\$ 11,506
Transportation	23.29	1,996
Bus Depreciation	13.69	1,164
Adult Education	0	3
Technology	4.36	416
Building Reserve	8.00	795
<u>High School Fund</u>		
General*	84.72	8,143
Transportation	20.36	1,801
Bus Depreciation	12.61	1,102
Adult Education	0	3
Technology	4.01	367
Building Reserve	7.95	804
Total	<u>308.14</u>	<u>\$ 28,100</u>

\* Denotes Major Funds

NOTE 4. DUE FROM OTHER GOVERNMENTS

<u>Elementary Fund</u>	<u>Amount</u>	<u>Due From</u>	<u>Reason</u>
School Food Services	240	State of MT	Food Service
<u>High School Fund</u>			
Traffic Education	972	State of MT	Per pupil reimbursement
Total	<u>\$ 1,212</u>		

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>Balance June 30, 2014</u>
<u>Non-depreciable:</u>				
Land	\$ 9,500	\$ 0	\$ 0	\$ 9,500
Total Non-depreciable	<u>\$ 9,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,500</u>
<u>Depreciable:</u>				
Land Improvements	\$ 152,539	\$ 21,717	\$ 0	\$ 174,256
Buildings	1,615,833	0	0	1,615,833
Major Equipment	689,881	119,714	(75,761)	733,834
Total Depreciable	<u>\$ 2,458,253</u>	<u>\$ 141,431</u>	<u>\$ (75,761)</u>	<u>\$ 2,523,923</u>
<u>Accumulated Depreciation:</u>				
Land Improvements	\$ (77,471)	\$ (6,532)	\$ 0	\$ (84,003)
Buildings	(589,240)	(22,935)	0	(612,175)
Major Equipment	(447,205)	(53,689)	60,579	(440,315)
Total Depreciation	<u>\$ (1,113,916)</u>	<u>\$ (83,156)</u>	<u>\$ 60,579</u>	<u>\$ (1,136,493)</u>
Net Depreciable Assets	<u>1,344,337</u>	<u>58,275</u>	<u>(15,182)</u>	<u>1,387,430</u>
Net Governmental Capital Assets	<u>\$ 1,353,837</u>	<u>\$ 58,275</u>	<u>\$ (15,182)</u>	<u>\$ 1,396,930</u>

POWER SCHOOL DISTRICT NO. 30

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

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

<u>Function</u>	<u>Amount</u>
Instructional	\$ 36,605
School Administration	846
Operation & Maintenance	1,188
Transportation	18,959
School Food	1,704
Extracurricular	22,595
Unallocated	1,259
Total Depreciation Expense	<u>\$ 83,156</u>

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</u> <u>within</u> <u>One Year</u>
<u>Bonds and Notes Payable:</u>					
Intercap Loans	\$ 122,136	\$ _____	\$ 20,698	\$ 101,438	\$ 21,037
<u>Other Liabilities:</u>					
Compensated Absences	\$ 43,215	\$ _____	\$ 4,654	\$ 38,561	\$ 11,568
Other Post-Employment Benefits (OPEB)	0	13,690		13,690	0
Total Other Liabilities	<u>\$ 43,215</u>	<u>\$ 13,690</u>	<u>\$ 4,654</u>	<u>\$ 52,251</u>	<u>\$ 11,568</u>

6. b. INTERCAP LOAN

The School District entered into an intercap loan in prior years with the Montana Board of Investments for the construction of a lunch room addition and a wellness center. Total payments made in fiscal year 2014 were \$21,869 which included \$1,171 of interest. The loan was issued for the terms and payment schedule indicated below.

<u>Issue Date</u>	<u>Interest</u> <u>Rate Variable</u> <u>Currently</u>	<u>Length of</u> <u>Loan</u>	<u>Amount</u> <u>Issued</u>	<u>Outstanding</u> <u>June 30,</u> <u>2014</u>
11-2008	1.0%	10 Years	\$ 250,000	\$ 101,438

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>Interest</u>
2015	\$ 10,726	\$ 573	\$ 10,311	\$ 546
2016	11,077	465	10,649	443
2017	11,440	355	10,996	337
2018	11,816	240	11,358	227
2019	6,883	122	6,182	113
Totals	<u>\$ 51,942</u>	<u>\$ 1,755</u>	<u>\$ 49,496</u>	<u>\$ 1,666</u>

NOTE 7. TRANSFERS

<u>Elementary Fund - From</u>	<u>Amount</u>	<u>Elementary Fund - To</u>
Compensated Absences	\$ 288	General*
<u>High School Fund - From</u>		<u>High School Fund - To</u>
Compensated Absences	\$ 288	General*
Total	<u>\$ 576</u>	

\* Denotes Major Funds

POWER SCHOOL DISTRICT NO. 30

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	\$ 11,506	Taxes Receivable
Transportation	1,996	Taxes Receivable
Bus Depreciation	1,164	Taxes Receivable
Adult Education	3	Taxes Receivable
Technology	416	Taxes Receivable
Building Reserve	795	Taxes Receivable
<u>High School Fund</u>		
General	8,143	Taxes Receivable
Transportation	1,801	Taxes Receivable
Bus Depreciation	1,102	Taxes Receivable
Adult Education	3	Taxes Receivable
Technology	367	Taxes Receivable
Building Reserve	804	Taxes Receivable
Total	<u>\$ 28,100</u>	

NOTE 9. OTHER POST EMPLOYMENT BENEFITS

Plan Description - The School District provides the same health care plan to all of its members. The School District had fewer than 100 plan participants and thus qualified to use an Alternative Measurement Method instead of an actuarial valuation to determine the OPEB liability. Valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future and estimated amounts are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for the plan are based on types of benefits provided under the current plan. The valuation assumed that 9% of plan participants would elect to continue coverage after retirement.

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

Funding status and progress as of June 30, 2014 was as follows:

Actuarial Accrued Liability (AAL)	\$ 80,073
Actuarial value of plan assets	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>80,073</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 949,235
UAAL as a percentage of covered payroll	8%

Annual OPEB Cost and Net OPEB Obligations - The government's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameter of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed (30) years. The following table shows the components of the government's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the government's net OPEB obligation for the valuation performed at July 1, 2014.

Annual Required Contribution (ARC)	\$ 13,690
Interest on net OPEB obligation	0
Adjustment to ARC	<u>0</u>
Annual OPEB cost (expense)	13,690
Contribution made	<u>0</u>
Increase in net OPEB obligation	13,690
Net OPEB obligation - beginning of year	0
Net OPEB obligation - end of year	<u>\$ 13,690</u>

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

POWER SCHOOL DISTRICT NO. 30

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

Actuarial Cost Method	Unit Credit Cost Method
Average age of retirement (based on historical data)	62
Discount rate (average anticipated rate)	1.00%
Average Salary Increase	1.25%

Health care cost rate trend	
Year	% Increase
2015	4.90%
2016	4.70%
2017	4.90%
2018	5.30%
2019	5.60%
2020	5.70%
2021	5.60%
2022 and after	5.70%

NOTE 10. OTHER COMMITMENTS

10. a 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:

<u>Elementary Fund</u>	<u>Amount</u>
General*	\$ 8,010
Transportation	2,120
Miscellaneous	76
<u>High School Fund</u>	
General*	27,065
Transportation	1,152
Miscellaneous*	980
Total	<u>\$ 39,403</u>

\* Denotes Major Funds

NOTE 11. 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 12. 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.

POWER SCHOOL DISTRICT NO. 30

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

Both plans issue publicly available annual reports that include financial statements and required supplemental in-formation 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.

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	\$ 112,880	\$ 117,369	\$ 136,229
PERS	29,429	29,406	34,425
Total	<u>\$ 142,309</u>	<u>\$ 146,775</u>	<u>\$ 170,654</u>

NOTE 13. COOPERATIVE

13. a. SPECIAL EDUCATION

The Power School District No. 30 is a member of the Big Sky Special Needs 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 Power School District No. 30, 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 Pondera 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.

POWER SCHOOL DISTRICT NO. 30

SCHEDULE OF FUNDING PROGRESS  
 Other Post-Employment Benefits Other Than Pensions (OPEB)  
 Fiscal Year-Ended June 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
7/1/2013	0	80,073	80,073	0%	949,235	8%

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)			Flexibility Fund (Elem.)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>REVENUES:</b>						
District Levies	\$ 207,531	\$ 207,531	\$ 203,340	\$ -	\$ -	\$ -
Interest	1,728	1,728	696	300	300	207
State	435,607	435,607	435,607	7,742	7,742	7,743
Total Revenues	<u>644,866</u>	<u>644,866</u>	<u>639,643</u>	<u>8,042</u>	<u>8,042</u>	<u>7,950</u>
<b>EXPENDITURES:</b>						
Current						
Instructional Services	380,224	380,224	406,539	8,000	8,000	-
Support Services	12,720	12,720	12,919	-	-	-
Educational Media Services	10,866	10,866	19,383	-	-	-
General Administrative Services	100,401	100,401	91,259	-	-	-
Operation & Maintenance Services	92,213	92,213	69,070	27,440	27,440	-
School Food Services	31,659	31,659	17,157	-	-	-
Extracurricular	16,783	16,783	11,718	-	-	-
Debt Service						
Principal	-	-	10,553	-	-	-
Interest and other charges	-	-	599	-	-	-
Total Expenditures	<u>644,866</u>	<u>644,866</u>	<u>639,197</u>	<u>35,440</u>	<u>35,440</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	446	(27,398)	(27,398)	7,950
<b>OTHER FINANCING SOURCES/USES</b>						
Fund Transfers In	-	-	288	-	-	-
Total Other financial Sources/Uses	-	-	288	-	-	-
NET CHANGES IN FUND BALANCES	-	-	734	(27,398)	(27,398)	7,950
<b>FUND BALANCE:</b>						
Beginning of the Year			102,788			27,397
End of the Year			<u>\$ 103,522</u>			<u>\$ 35,347</u>

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

	General (HS)			Flexibility Fund (HS)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>REVENUES:</b>						
District Levies	\$ 147,835	\$ 147,835	\$ 145,120	\$ -	\$ -	\$ -
Interest	1,077	1,077	437	200	200	144
State	533,082	533,082	533,082	7,172	7,172	7,172
Total Revenues	<u>681,994</u>	<u>681,994</u>	<u>678,639</u>	<u>7,372</u>	<u>7,372</u>	<u>7,316</u>
<b>EXPENDITURES:</b>						
Current						
Instructional Services	362,084	362,084	374,668	6,779	6,779	-
Support Services	6,893	6,893	6,686	-	-	-
Educational Media Services	9,519	9,519	6,678	-	-	-
General Administrative Services	111,822	111,822	102,593	-	-	-
Operation & Maintenance Services	100,302	100,302	93,476	28,000	28,000	-
School Food Services	26,494	26,494	18,383	-	-	-
Extracurricular	64,880	64,880	64,128	-	-	-
Debt Service						
Principal	-	-	10,145	-	-	-
Interest and other charges	-	-	572	-	-	-
Total Expenditures	<u>681,994</u>	<u>681,994</u>	<u>677,329</u>	<u>34,779</u>	<u>34,779</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	-	-	1,310	(27,407)	(27,407)	7,316
<b>OTHER FINANCING SOURCES/USES</b>						
Fund Transfers In	-	-	288	-	-	-
Total Other financial Sources/Uses	-	-	288	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	-	-	1,598	(27,407)	(27,407)	7,316
<b>FUND BALANCE:</b>						
Beginning of the Year			104,438			27,407
End of the Year			<u>\$ 106,036</u>			<u>\$ 34,723</u>

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

POWER SCHOOL DISTRICT NO. 30

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, Retirement, Adult Education, Technology, Flexibility), and budgeted capital project funds (Building Reserve). All annual appropriations lapse at fiscal year-end, unless the School District elects to encumber supplies and personal property ordered but not received at year end.

1. a. 1 General Budget Policies:

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

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 elementary and high school 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 \$8,010 and \$27,065, respectively. 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.

## POWER SCHOOL DISTRICT NO. 30

NOTES TO THE BUDGET VS ACTUAL SCHEDULE (continued)  
Fiscal Year-Ended June 30, 2014NOTE 3. COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL SUB-FUNDS OF THE GENERAL FUND

	<u>Sub-fund General Fund (Elem)</u>	<u>Sub-fund Flexibility Fund (Elem)</u>	<u>Sub-fund General Fund (HS)</u>	<u>Sub-fund Flexibility Fund (HS)</u>	<u>Total General Fund</u>
REVENUES:					
District Levies	\$ 203,340	\$ 0	\$ 145,120	\$ 0	\$ 348,460
Interest Earnings	696	207	437	144	1,484
State Sources	<u>435,607</u>	<u>7,743</u>	<u>533,082</u>	<u>7,172</u>	<u>983,604</u>
Total Revenues	<u>\$ 639,643</u>	<u>\$ 7,950</u>	<u>\$ 678,639</u>	<u>\$ 7,316</u>	<u>\$ 1,333,548</u>
EXPENDITURES:					
Instructional Services	408,051	0	362,996	0	771,047
Support Services	12,919	0	6,686	0	19,605
Educational Media	20,883	0	6,347	0	27,230
General Administrative	91,259	0	101,803	0	193,062
Operation & Maintenance	79,584	0	88,419	0	168,003
Extracurricular	12,164	0	59,582	0	71,746
School Food	17,157	0	18,383	0	35,540
Debt Service Principal	10,553	0	10,145	0	20,698
Debt Service Interest	599	0	572	0	1,171
Total Expenditures	<u>\$ 653,169</u>	<u>\$ 0</u>	<u>\$ 654,933</u>	<u>\$ 0</u>	<u>\$ 1,308,102</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES					
	<u>(13,526)</u>	<u>7,950</u>	<u>23,706</u>	<u>7,316</u>	<u>25,446</u>
OTHER FINANCING SOURCES/USES					
Fund Transfer In	<u>288</u>	<u>0</u>	<u>288</u>	<u>0</u>	<u>576</u>
Net Changes In Fund Balance	(13,238)	7,950	23,994	7,316	26,022
FUND BALANCE:					
Beginning of the Year	124,770	0	109,107	0	233,877
Prior Period Adjustment	<u>0</u>	<u>27,397</u>	<u>0</u>	<u>27,407</u>	<u>54,804</u>
Ending of the Year	<u>111,532</u>	<u>35,347</u>	<u>133,101</u>	<u>34,723</u>	<u>314,703</u>

In the reconciliation the general fund and flexibility fund are added together to get to the aggregate general fund shown as a major fund on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds. The flexibility fund, is 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 general fund and flexibility fund because they are reported as major funds and have legally adopted budgets.

Power Public Schools  
Schedule of Revenues, Expenses and Balances  
Student Activity Funds  
Fiscal Year-Ended June 30, 2014

Activity Account Name	Beginning	Revenues	Expenses	Transfers	Ending Balance
	Balance 7/1/2013				6/30/2014
Activity	-	8,532	7,622	-	910
Annual	3,043	1,475	2,128	540	2,930
Touchdown club	1,072	-	60	-	1,012
Athletic	40,928	72,249	67,573	784	46,388
Fines & Damage fund	1,242	790	929	-	1,103
Concessions	-	19,251	13,567	(5,684)	-
Drama	48	-	-	-	48
Drill Team	64	-	-	-	64
Skills USA	70	290	320	-	40
Books across America	51	-	-	-	51
Pep Club	1,347	1,462	1,877	95	1,027
Honor Society	976	350	1,250	269	345
Speech and Drama	455	-	-	-	455
Music	2,726	3,413	3,801	280	2,618
Senior Class/2014	5,006	2,810	7,443	(373)	-
Junior Class/2015	7,087	4,385	3,065	1,633	10,040
Sophomore Class/2016	6,305	5,716	3,500	968	9,489
Freshman Class/2017	2,463	2,847	1,688	539	4,161
8th Grade/2018	394	-	-	393	787
7th Grade/2019	-	580	-	813	1,393
Student Council	3,418	6,884	5,370	(54)	4,878
JH Student Council	181	-	-	-	181
Cheerleaders	282	-	-	-	282
Library Club	148	-	-	-	148
HS FCCLA	26	3,249	2,916	-	359
Explore America	309	-	-	-	309
Sports Complex Fund	9,448	4,927	1,671	-	12,704
B.B. Fields & Ground	8,458	4,912	1,795	-	11,575
Summer Sports	874	135	314	-	695
Class CC Grad Party	-	203	-	(203)	-
Playground Equipment	6,951	851	4,198	-	3,604
<b>Total</b>	<b>\$ 103,372</b>	<b>\$ 145,311</b>	<b>\$ 131,087</b>	<b>\$ -</b>	<b>\$ 117,596</b>

## POWER SCHOOL DISTRICT NO. 30

SCHEDULE OF REPORTED ENROLLMENT  
Fiscal Year-Ended June 30, 2014FALL ENROLLMENT - OCTOBER, 2013

Elementary			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Kindergarten Full	5	5	0
Grade 1 - 6	50	50	0
Grade 7 - 8	20	20	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	<u>57</u>	<u>57</u>	<u>0</u>
Part-time Students			
Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	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	5	5	0
Grade 1 - 6	48	48	0
Grade 7 - 8	19	19	0
Total	<u>72</u>	<u>72</u>	<u>0</u>
High School			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	<u>56</u>	<u>56</u>	<u>0</u>
Part-time Students			
Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	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	5	5	0
Grade 1 - 6	48	48	0
Grade 7 - 8	19	19	0
Total	<u>72</u>	<u>72</u>	<u>0</u>
High School			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	<u>55</u>	<u>55</u>	<u>0</u>
Part-time Students			
Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	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>

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Power School District No. 30  
Teton County  
Power, Montana 59468

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 Power School District No. 30 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Power School District No. 30's basic financial statements and have issued our report thereon dated March 12, 2015

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Power School District No. 30'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 Power School District No. 30's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Strom & Associates, P.C.*

STROM & ASSOCIATES, PC  
Billings, Montana  
March 12, 2015

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

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SCHEDULE OF FINDINGS AND RESPONSES

The following is the status of prior year findings and updated for the fiscal year ended June 30, 2014.

FINDING NUMBER 1 – Other Post-Employment Benefits (2011-2013) - The district has implemented GASB-45 in the current year and this finding is not repeated.