

# Doyle & Associates, P.C.

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The accompanying financial statements and reports are intended for the original recipient.

They must be presented in their entirety and may not be modified in any manner.

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**June 30, 2014**

(With Independent Auditor's Reports Thereon)

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

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**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

**Organization**

June 30, 2014

**Board of Trustees**

Bob Cornwell .....	Chairperson
Tom Anderson .....	Vice-Chairperson
Brian Bocksnick .....	Trustee
Darrell Clairmont .....	Trustee
Jack Duffey .....	Trustee
Mark Cheff .....	Trustee
Rich Janssen .....	Trustee

**District Officials**

Andrew W. Holmlund .....	District Superintendent
Pamela Harris .....	Business Manager
Michelle Wood .....	County Superintendent
Elizabeth Kaleva .....	District Attorney

# Doyle & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Ronan Public Schools, District #30  
Lake County  
Ronan, Montana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ronan Public Schools, Lake County, Montana (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 District'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 District'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 Ronan Public Schools as of June 30, 2014 and the respective changes in financial position 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 on pages 5 through 10 other post employment benefits on page 35, and budgetary comparison information on pages 36 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and is not a required part of the financial statements. The schedule of school district enrollment and the extracurricular fund schedule of revenues, expenditures and changes in fund balance by student activity are presented for purposes of additional analysis as required by Montana law and also are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is 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 February 27, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Lolo, Montana  
February 27, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Ronan School District No. 30, Lake County, Montana  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

In conjunction with the audited financial statements for the fiscal year ending June 30, 2014, district management has prepared the management's discussion and analysis (MD&A) as required by the Governmental Accounting Standards Board, Statement No. 34.

The discussion and analysis of the Ronan School District No. 30, Lake County, Montana's financial performances provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. This discussion was prepared by the District's Business Manager. Comparative data to fiscal year 2012-2013 has been included in this report, as a comparison to demonstrate trends.

**Financial Highlights**

- During the year, revenue exceeded expenses by \$860,938, resulting in an overall increase in net position of 4.3%.
- The final payments for the General Obligation School Building Bonds will be made in 2021.

**Using this General Accepted Accounting Principals report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ronan School District No. 30, Lake County, Montana as a financial whole, an entire operating entity. These statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances, and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Ronan School District No. 30, Lake County, Montana, the general fund is by far the most significant fund.

**Budget-to-Actual Comparisons**

The District's original budget was amended during the year ending June 30, 2014. The budgetary comparison shows how actual expenditures compared to the original and final budget expenditures for the general fund and for the Elementary Transportation and Bus Depreciation

Funds. The significant variances between the final expenditures budget and the actual expenditures were the result of available grant monies used allowing general fund expenditures to be made in other areas.

### **Reporting the School District as a Whole**

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

### **Statement of Net Position and Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting, takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The fund statements provided detailed information about the funds used by the school district. State law and Generally Accepted Accounting Principles (GAAP) established the fund structure of school districts. State law generally requires school districts to segregate money generated for certain specific purposes, like transportation and debt service, in separate fund accounts. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, elementary miscellaneous programs fund, elementary transportation, elementary bus depreciation, elementary debt service, and impact aid funds.

### **Governmental Funds**

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operation and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statements of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

**School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2014 in comparison to 2013.

**Table 1  
Statement of Net Position**

	<b>Governmental Activities</b>		
	<b>FY 2014</b>	<b>FY 2013</b>	<b>Change Inc (Dec)</b>
Current and other assets	\$ 6,156,667	\$ 5,378,643	\$ 778,024
Capital assets	20,903,112	21,669,143	(766,031)
Total assets	<u>27,059,779</u>	<u>27,047,786</u>	<u>11,993</u>
Long-term debt outstanding	\$ 6,167,389	\$ 7,013,893	\$ (846,504)
Other liabilities	3,459	5,900	(2,441)
Total liabilities	<u>6,170,848</u>	<u>7,019,793</u>	<u>(848,945)</u>
Net position:			
Invested in capital assets, net of debt	16,708,112	16,919,143	(211,031)
Restricted	2,020,908	1,669,413	351,495
Unrestricted (deficit)	2,159,911	1,439,437	720,474
Total net position	<u>\$ 20,888,931</u>	<u>\$ 20,027,993</u>	<u>\$ 860,938</u>

**Explanation of Changes in Net Position:**

The current liabilities have decreased, due to the completion of projects in FY2014, thus reflecting an increase in the current assets totals.

Table 2 shows the changes in net position for fiscal year 2014.

**Table 2**  
**Change in Net Position**

	<b>Governmental Activities</b>		
	<b>FY 2014</b>	<b>FY 2013</b>	<b>Change Inc(Dec)</b>
<b>Revenues</b>			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 932,738	\$ 161,469	\$ 771,269
Operating grants and contributions	4,653,214	6,767,157	(2,113,943)
<i>General revenues (by major source):</i>			
District tax levies	1,382,168	1,522,861	(140,693)
County revenue	1,106,520	1,056,266	50,254
State revenue	7,415,449	7,146,498	268,951
Investment earnings	7,228	-	7,228
Other	97,002	59,559	37,443
Total revenues	15,594,319	16,713,810	(1,119,491)
<b>Program expenses</b>			
Instruction	7,450,841	8,114,556	(663,715)
Supporting services	1,529,800	1,682,024	(152,224)
Administration	1,989,140	1,797,247	191,893
Operations and maintenance	1,064,714	1,477,232	(412,518)
Student transportation	800,038	1,140,882	(340,844)
Food services	854,796	802,007	52,789
Extracurricular activities	324,299	355,466	(31,167)
Interest and fiscal charges	101,331	112,131	(10,800)
Unallocated depreciation	618,422	627,406	(8,984)
Total expenses	14,733,381	16,108,951	(1,375,570)
Excess (deficiency) before special items and transfers	860,938	604,859	256,079
Gain (loss) on sale of capital assets	-	(178,702)	178,702
<b>Increase (decrease) in net position</b>	\$ 860,938	\$ 426,157	\$ 434,781

**Change in Net Position**

The district's total revenues for the fiscal year ended June 30, 2014 were \$15,594,319. Total cost of all programs and services was \$14,733,381 which generated an increase in net assets of approximately \$860,938. District taxpayers paid approximately \$2,488,688 of the \$15,594,319 in revenues. The remainder was financed through grants and entitlements, charges for services, operating grants and contributions.

### **Analysis of Financial Information**

The fund balances in the impact aid funds from the previous year increased in FY14, due to completion of major projects. There weren't any other big projects started in FY2014. The only project funded was to update lighting. The fund balance in the Elementary and High School Miscellaneous Programs Fund totals \$350,734 at June 30, 2014. These funds are currently held in various accounts in the Miscellaneous Programs Fund which are allowed to hold carryover funds.

### **Capital Assets**

During 2014, the District invested \$182,430 in capital assets including building, repairs, machinery and equipment. This represents a total for capital assets of \$32,245,731 prior to depreciation. Total depreciation expense for the year was \$948,461. Capital asset balances net of depreciation was \$20,903,112 for the fiscal year ended June 30, 2014.

Changes to the capital assets included; acquisition of additional buses and disposal of old buses and an Event Center lighting upgrade.

### **Long Term Debt Obligations**

At June 30, 2014, the District had \$6,167,389 in general obligation bonds and other long-term debt outstanding, of which \$610,184 is due within one year. A summary of the District's outstanding long-term debt for the year ended June 30, 2014 is presented below:

General obligation bonds	\$4,195,000
Compensated absences	\$424,564
Other Post-Employment Benefits	\$1,547,825
<b>Total:</b>	<b><u>\$6,167,389</u></b>

### **Capital Asset and Debt Administration**

In FY2011 Ronan Elementary and High School Districts successfully completed the refinancings of their outstanding 2001 General Obligation Bonds to take advantage of low historic interest rates. The overall gross savings realized by the issuance of the refunding Bonds was a total of \$899,193 after consideration of the Districts' contributions to the refinancing from the existing debt service funds and costs related to the refinancings. Local taxpayers will experience lower debt service levies through FY2021, due to the refinancing.

### **Economic Factors**

The unstable current economic structure nationwide, directly affects the stability of businesses in our community. Our enrollments show some unsteady increases, but overall the availability of jobs in the community directly effects the enrollment and therefore the funds available. The election and congressional infrastructure will directly affect the budget factors, and the ability to carry out the required educational mandates.

**Contact for Additional Information**

If you have questions about this report or need additional information, contact Pamela C. Harris, Business Manager/District Clerk, School District No. 30, 421 Andrew Street NW, Ronan, MT 59864-2302, (406) 676-3390 ext. 7205.

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## **BASIC FINANCIAL STATEMENTS**

RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Statement of Net Position  
June 30, 2014

	2014
<u>Assets</u>	
Cash and Investments	\$ 5,760,182
Taxes and Assessments Receivable, Net	229,869
Due from Other Governments	166,616
Total Current Assets	6,156,667
Noncurrent Assets	
Capital Assets - Land	346,841
Capital Assets - Depreciable, Net	20,556,271
Total Noncurrent Assets	20,903,112
Total Assets	27,059,779
<u>Liabilities</u>	
Current Liabilities	
Accounts Payable	3,459
Current Portion of Long-Term Capital Liabilities	565,000
Current Portion of Compensated Absences Payable	45,184
Total Current Liabilities	613,643
Non-current Liabilities	
OPEB Obligation	1,547,825
Noncurrent Portion of Long-Term Capital Liabilities	3,630,000
Noncurrent Portion of Compensated Absences	379,380
Total Noncurrent Liabilities	5,557,205
Total Liabilities	6,170,848
Net Position	
Invested in Capital Assets, Net of Related Debt	16,708,112
Restricted	2,020,908
Unrestricted	2,159,911
Total Net Position	\$ 20,888,931
Total Liabilities and Net Position	\$ 27,059,779

The accompanying notes are an integral part of these financial statements.



RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Elementary Transportation	Elementary Bus Depreciation	Elementary Miscellaneous Programs	Elementary Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Cash and Investments	\$ 4,054,109	\$ 88,724	\$ 434,338	\$ 254,754	\$ 261,783	\$ 666,474	\$ 5,760,182
Property Taxes Receivable	79,429	27,360	39,994		35,756	47,330	229,869
Due from Other Governments	-	-	-	148,181	-	18,435	166,616
Total Assets	\$ 4,133,538	\$ 116,084	\$ 474,332	\$ 402,935	\$ 297,539	\$ 732,239	\$ 6,156,667
<u>Liabilities</u>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,459	\$ 3,459
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,459	\$ 3,459
<u>Deferred Inflows of Resources</u>							
Uncollected Property Taxes	\$ 79,429	\$ 27,360	\$ 39,994	\$ -	\$ 35,756	\$ 47,330	\$ 229,869
Total Deferred Inflows of Resources	\$ 79,429	\$ 27,360	\$ 39,994	\$ -	\$ 35,756	\$ 47,330	\$ 229,869
<u>Fund Balance</u>							
Restricted	\$ -	\$ 88,724	\$ 434,338	\$ 402,935	\$ 261,783	\$ 681,450	\$ 1,869,230
Unassigned	4,054,109	-	-	-	-	-	4,054,109
Total Fund Balance	\$ 4,054,109	\$ 88,724	\$ 434,338	\$ 402,935	\$ 261,783	\$ 681,450	\$ 5,923,339
Total Liabilities, Deferred Inflows and Fund Balance	\$ 4,133,538	\$ 116,084	\$ 474,332	\$ 402,935	\$ 297,539	\$ 732,239	\$ 6,156,667

The accompanying notes are an integral part of these financial statements.

RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Reconciliation of the Balance Sheet Governmental Funds  
to the Statement of Net Position  
June 30, 2014

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Fund balance as reported in the governmental fund statement	\$	5,923,339
Add assets not reported in the governmental funds statements:		
Capital assets (net of accumulated depreciation)		20,903,112
Less liabilities not reported in the governmental fund statements:		
Long-term Capital Liabilities	(4,195,000)	
Compensated absences	(424,564)	
OPEB liability	<u>(1,547,825)</u>	(6,167,389)
Deferred revenue for property taxes recognized as revenue in the government-wide statements		<u>229,869</u>
Net position as reported in the government-wide statement of net position	<u>\$</u>	<u>20,888,931</u>

The accompanying notes are an integral part of these financial statements.

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds**

For the Fiscal Year Ended June 30, 2014

	General	Elementary Transportation	Elementary Bus Depreciation	Elementary Miscellaneous Programs	Elementary Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
District levies	\$ 493,068	\$ 176,007	\$ 281,923	\$ -	\$ 188,482	\$ 285,984	\$ 1,425,464
Investment income	47,454	-	-	-	-	-	47,454
Tuition and fees	-	-	-	-	-	25,856	25,856
County Sources	-	200,401	-	-	-	1,166,408	1,366,809
State Sources	7,390,882	57,788	-	771,804	256,245	154,296	8,631,015
Federal Sources	1,432,983	-	-	1,561,690	-	743,727	3,738,400
Other	122,188	-	42,188	73,860	5,355	159,026	402,617
<b>Total Revenue</b>	<b>\$ 9,486,575</b>	<b>\$ 434,196</b>	<b>\$ 324,111</b>	<b>\$ 2,407,354</b>	<b>\$ 450,082</b>	<b>\$ 2,535,297</b>	<b>\$ 15,637,615</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Instruction	5,205,592	12,766	-	1,480,279	-	943,880	7,642,517
Support Services	771,587	-	-	651,556	-	106,657	1,529,800
Administration	1,691,233	-	-	142,500	-	221,279	2,055,012
Operations and Maintenance	977,526	-	-	-	-	40,259	1,017,785
Student Transportation	1,200	381,970	-	-	-	173,271	556,441
Food service	-	-	-	-	-	849,239	849,239
Extracurricular	294,185	-	-	-	-	30,114	324,299
Capital Outlay	79,412	-	77,264	-	-	25,754	182,430
Debt service	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	390,000	165,000	555,000
Interest and fiscal charges	-	-	-	-	70,756	30,575	101,331
<b>Total Expenditures</b>	<b>9,020,735</b>	<b>394,736</b>	<b>77,264</b>	<b>2,274,335</b>	<b>460,756</b>	<b>2,586,028</b>	<b>14,813,854</b>
Excess of (Deficiency) Revenues over Expenditures	465,840	39,460	246,847	133,019	(10,674)	(50,731)	823,761
Net Change in Fund Balance	465,840	39,460	246,847	133,019	(10,674)	(50,731)	823,761
<b>Fund Balances, Beginning of the Year</b>	<b>3,588,269</b>	<b>49,264</b>	<b>187,491</b>	<b>2,69,916</b>	<b>272,457</b>	<b>732,181</b>	<b>5,099,578</b>
<b>Fund Balances, End of the Year</b>	<b>\$ 4,054,109</b>	<b>\$ 88,724</b>	<b>\$ 434,338</b>	<b>\$ 402,935</b>	<b>\$ 261,783</b>	<b>\$ 681,450</b>	<b>\$ 5,923,339</b>

The accompanying notes are an integral part of these financial statements.

RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2014

Changes in fund balances as reported in the governmental funds statement	\$	823,761
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital assets purchased		182,430
Depreciation Expense		(948,461)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements:		
Taxes receivable (change in deferred revenue)		(43,296)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:		
Long-term debt principal payments		555,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund financial statements:		
Change in compensated absence liability		(1,007)
Change in other post employment benefits		292,511
		292,511
Changes in net position on the statement of activities	\$	860,938

The accompanying notes are an integral part of these financial statements.

RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Statement of Fiduciary Net Position and  
Changes in Fiduciary Net Position  
As of and for the Year Ended June 30, 2014

	Private Purpose Trust Funds	Agency Funds
<b>Fiduciary Net Position:</b>		
Assets		
Cash	\$ 301,140	\$ 469,080
Liabilities		
Other Current Liabilities	-	469,080
NetPosition:		
Restricted for Extracurricular	169,221	-
Restricted for Student Scholarships	131,919	-
Total Net Position	\$ 301,140	\$ -
<b>Changes in Fiduciary Net Position:</b>		
Additions:		
Contributions:		
Revenue from Student Activities	\$ 404,369	
Other Revenue from Local Sources	2,000	
Total Additions	406,369	
Deductions:		
Student Activities	415,900	
Student Scholarships	6,192	
Total Deductions	422,092	
Change in Net Position	(15,723)	
Net Position, Beginning of the Year	316,863	
Net Position, End of the Year	\$ 301,140	

The accompanying notes are an integral part of these financial statements.

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

NOTES TO FINANCIAL STATEMENTS

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**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies and Practices

The accounting policies and practices of the Ronan Public Schools No. 30 (the District), as reflected in the accompanying financial statements for the fiscal year ended June 30, 2014, conform to accounting principles generally accepted in the United States of America (GAAP) for local government entities as prescribed by the Governmental Accounting Standard Board (GASB).

B. Reporting Entity

The District was established under Montana law to provide elementary and secondary educational services to residents of the District. All operations of the District are controlled by a Board of Trustees, elected in district-wide elections, and responsible for all of the District's activities. The financial statements include all of the District's operations controlled by the Board of Trustees. Because the District is controlled by an elected governing board, is a separate legal entity, is not financially or fiscally dependent upon any other local government, or controlled by any other government, it is considered to be an independent reporting entity and has no component units.

The District consists of two separate legal entities: (1) the high school district, and (2) the elementary district. The elementary district provides education from kindergarten through eighth grade; the high school district provides education from grades nine through twelve. Due to differences in funding separate accounting records of both entities must be maintained. Both entities are managed by the Board of Trustees as noted above and by a central administration responsible to the Board.

Although the elementary and high school districts are accounted for separately they are combined for financial reporting purposes because both districts are controlled by a central Board of Trustees and managed by a central administration.

C. Basis of Presentation and Basis of Accounting

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, fund financial statements, and the notes to the financial statements.

**Government-wide Statements** – The statement of net position and statement of activities report information on all of the non-fiduciary activities of the primary government of the District.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's government activities. Direct expenses are those that are specifically associated with a program or function. The District does not charge indirect expenses to programs or functions. Program revenues include fees for services (primarily school lunch and breakfast charges) and grants that are restricted to a particular program. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

**RONAN PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the District are generally financed through property taxes, state equalization funding, and federal and state grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place.

The District applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

**Fund Financial Statements** - These statements provide information about the District's funds, including a separate statement for the District's fiduciary funds. The emphasis of fund financial statements is on major governmental funds. Each major fund is displayed in a separate column. All of the remaining funds are aggregated and reported in a single column as other governmental funds. These funds (except the fiduciary funds which use the total resources focus and accrual basis of accounting) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State and other governmental revenues applicable to the current fiscal year and collected soon after year-end are recognized as revenue. Most current property taxes receivable are delinquent at June 30 and amounts collected soon after year-end are not significant. Deferred inflows of resources are recorded for delinquent property taxes receivable.

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

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

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% or more of the total for all government funds also be reported as major funds. Accordingly, the District reports the following major governmental funds:

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

Elementary Transportation Fund – Authorized by Section 20-10-143, MCA, for the purpose of financing the maintenance and operation of District owned school buses.

Elementary Bus Depreciation Fund – Authorized by Section 20-10-147, MCA, for the purpose of financing the replacement of buses and related equipment owned by the District.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Elementary Debt Service Fund – Authorized by Section 20-9-438, MCA, for the purpose of paying interest and principal on outstanding bonds and special improvement districts (SID) assessments. The fund also accounts for the proceeds of bonds sold for the purpose provided in Section 20-9-403 (c) and (d), MCA.

Additionally, the District also reports the following fund type:

Fiduciary Funds – Fiduciary funds are presented using the economic resources measurement focus and the accrual basis of accounting. The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net assets. The fiduciary funds are:

***Private-purpose Trust Funds*** – To report all other trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

***Student Extracurricular Activities Fund*** – The Student Extracurricular Activities Fund is authorized by Section 20-9-504, MCA, to account for various student activities, such as athletics, clubs, classes, student government organizations, student publications and other such activities. Separate fund accounts within the Extracurricular Fund are maintained to account for these various activities. Unlike other district funds, the money for these activities may be maintained in bank accounts outside the control of the County Treasurer. The fund is administered by school district administrators, faculty members, and student organizations under the guidelines and policies established by the Board of Trustees and in accordance with the “Student Activity Fund Accounting” guidelines.

***Agency Funds*** – These funds are custodial in nature and do not involve measurement of results of operations.

D. Budgets

State law requires the District to prepare budgets for certain funds - generally funds supported by property tax revenues. Budgets are prepared on the modified accrual basis. Budgeted fund expenditures are limited by State law to the total budgeted amount which may be amended as defined by State law. There were budget amendments during fiscal year 2014. The Elementary General Fund budget was amended in the amount of \$22,121 for unanticipated increase in enrollment and the High School General Fund was amended in the amount of \$71,364 for unanticipated increase in enrollment.

General fund budgets are based on the State of Montana's foundation program which is based primarily on enrollment. Budgets of other funds are based on expected revenues and expenditures. The Board approves the final budget by the fourth Monday in August. State law permits the inclusion of obligations (encumbrances) for construction-in-progress and the purchase of personal property as expenditures for budget purposes.

**RONAN PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State law requires only that a fund's total expenditures not exceed total budgeted expenditures.

E. Cash and Investments

State law permits investment of school district's funds in insured savings or time deposits, bank repurchase agreements, direct obligations of the U.S. Government, and the State's unified investment program. Investments are valued at fair market value.

School District debt service fund cash is held with the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing District and fund on a pro rata basis. The County's investment portfolio as of June 30, 2014, consisted of demand deposits, certificates of deposits, savings deposits, money market accounts, U.S. Government Securities, and the State Short-Term Investment Pool (STIP). The County investment pool is not rated.

The School District does not own specific identifiable investment securities in the County pool; therefore, cash and investments held with the County are not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Lake County deposits and investments is available from Lake County Treasurer's office, Polson, MT. Fair value approximates carrying value for investments as of June 30, 2014.

The District's investments that are not pooled with the County are reported at fair market value. See Note 2.

F. Property Taxes

Property taxes are maintained and collected by the County Treasurer. Most property taxes are levied in August of each fiscal year, based on assessments as of the prior January 1. Real property taxes are billed in October and are payable 50% on November 30 and 50% on May 31.

Property taxes receivable at June 30 consist primarily of delinquent property taxes from prior year levies and are offset by deferred revenue. Uncollectible property taxes are not considered to be material and no allowance for uncollectible receivables is recorded.

G. Inventories

Inventories are expensed when purchased (purchases method). Inventories are considered immaterial and are not recorded.

H. Capital Assets

Capital assets are carried at actual or estimated historical cost based on appraisals. Capital asset purchases are recorded as expenditures in the District's funds. Proceeds from the sale of District assets are reported as revenue in other funds. Major additions and betterments are recorded as additions to capital assets and are depreciated once placed in service.

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Repairs, maintenance, and minor additions (equipment costing less than \$5,000) are not capitalized. Depreciation is computed using the straight-line method and the estimated useful lives are as follows:

Buildings	50 years
Buildings and Land Improvements	5 - 30 years
Equipment and Vehicles	5 - 25 years

I. Warrants Payable

Disbursements are made by warrants which are demands for payment drawn on the County Treasurer. Outstanding warrants are recorded as disbursements in individual funds and cash balances in individual funds are reduced for outstanding warrants. The warrants are orders to the County Treasurer to pay a specified sum to the person named or to the bearer. State law requires that warrants be paid and registered if presented for a budgeted fund with insufficient cash and refused for payment for a non-budgeted fund with insufficient cash. Registered warrants become a liability of the District. Interest accrues thereon until publication of the call for payment. The District has no registered warrants as of June 30, 2014.

J. Deferred Outflows of Resources and Deferred Inflows of Resources

The District adopted the provisions of GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This statement is effective for periods beginning after December 15, 2012. This statement defines new financial statement items referred to as deferred inflows of resources and deferred outflows of resources, and reclassifies certain items previously classified as assets or liabilities as deferred outflows or deferred inflows, respectively. The impact of implementing GASB Statement No. 65 on the District was items that were previously referred to as deferred revenue in the governmental fund financial statements which mainly consists of property taxes receivable, is now reported as a deferred inflow of resources rather than as a liability. The District did not have any items that were required to be reported as deferred outflows of resources as of June 30, 2014. In addition, unearned grant revenues from certain federal programs are reported as deferred inflows of resources in the fund financial statements.

K. Compensated Absences

Compensated absences for vacation and sick leave are recorded as expenditures in the government fund financial statements when taken. Vacation and personal leave, within certain limitations, is payable on termination. Employees, other than principals and teachers, earn vacation pay and sick leave in accordance with State law applicable to State employees.

Teachers earn 14 days of sick leave per school year. Sick leave can be accumulated to a maximum of 70 days. Teachers are also granted three days of personal leave each year, cumulative to six days. Upon termination, a tenured teacher shall receive a lump sum payment for all days of accumulated and unused medical and personal leave at the rate of \$55 per day.

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DISTRICT NO. 30, LAKE COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

A. Cash Composition

Composition of cash, deposits and investments at fair value on June 30, 2014 are as follows:

	Governmental <u>Activities</u>	Fiduciary <u>Funds</u>	<u>Total</u>
<u>Cash on hand and deposits:</u>			
Cash invested with the Lake County Treasurer:	\$ 1,021,180	\$ -	\$ 1,021,180
Cash in banks:			
Demand deposits	2,201,516	770,220	2,971,736
Money Market deposits	149,570	-	149,570
Time deposits	463,907	-	463,907
<u>Investments:</u>			
U.S. Treasury Notes	49,340	-	49,340
Federal Home Loan Bank Notes	619,852	-	619,852
Federal Farm Credit Bank	649,955	-	649,955
Federal National Mortgage Association	604,862	-	604,862
Total	\$ 5,760,182	\$ 770,220	\$ 6,530,402

B. Credit Risk

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

Section 7-6-202, MCA, limits investments of public money of a local government in the following eligible securities:

- (a) United States government treasury bills, notes and bonds and in the United States treasury obligations, such as state and local government series (SLGLS), separate trading of registered interest and principal of securities (STRIPS), or similar United States treasury obligations;

**RONAN PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2. CASH AND INVESTMENTS (Continued)

(b) United States treasury receipts in a form evidencing the holder's ownership of future interest or principal payments on specific United States treasury obligations that, in the absence of payment default by the United States, are held in a special custody account by an independent trust company in a certificate or book entry form with the federal reserve bank of New York; or

(c) Obligations of the following agencies of the United States, subject to the limitations in subsection 2 (not included):

- (i) federal home loan bank;
- (ii) federal national mortgage association;
- (iii) federal home mortgage corporation; and
- (iv) federal farm credit bank.

With the exception of the assets of a local government group self-insurance program, investments may not have a maturity date exceeding 5 years except when the investment is used in an escrow account to refund an outstanding bond issue in advance.

Section 7-6-205 and Section 7-6-206, MCA, state that demand deposits may be placed only in banks and Public money not necessary for immediate use by a county, city, or town that is not invested as authorized in Section 7-6-202 may be placed in time or savings deposits with a bank, savings and loan association, or credit union in the state or placed in repurchase agreements as authorized in Section 7-6-213.

Section 7-6-202, MCA, as amended, now limits authorized investments in certain securities that previously were permissible investments. The amendment does not apply to and does not require the sale of securities that were legal investments before the effective date of this act. However, the investments reported as collateralized mortgage obligations above are not authorized investments at the current time.

The District does not have an investment policy that would further limit its investment choices and the District does not have investments that require credit risk disclosure.

C. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. All deposits are carried at cost plus accrued interest. As of June 30, 2014 the government's bank balance was \$3,655,680 and below represents FDIC Insurance coverage and pledged securities:

<u>Depository Account</u>	<u>Balance</u>
FDIC Insured	\$ 460,490
- Collateral held by the pledging bank's trust department but not in the District's name.	3,840,681
Total of Insured Deposits and Pledged Securities	\$ 4,301,171

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

2. CASH AND INVESTMENTS (Continued)

D. Deposit Security

Section 7-6-207, MCA, states (1) The local governing body may require security only for that portion of the deposits which is not guaranteed or insured according to law and, as to such unguaranteed or uninsured portion, to the extent of:

(a) 50% of such deposits if the institution in which the deposit is made has a net worth of total assets ratio of 6% or more; or

(b) 100% if the institution in which the deposit is made has a net worth of total assets ratio of less than 6%.

The amount of collateral held for District deposits at June 30, 2014, equaled or exceeded the amount required by State statutes.

E. Interest Rate Risk

The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following is a list of individual investments as of June 30, 2014 along with their related interest rates and maturity dates.

Investment	Interest Rate	Maturity Date	Amount
US Treasury Notes	0.500%	7/31/2017	\$ 49,340
Federal Farm Credit Bank Notes	5.500%	10/3/2014	76,038
Federal Home Loan Bank Notes	1.750%	10/29/2014	301,996
Federal Home Loan Bank Notes	1.700%	5/29/2015	101,299
Federal Farm Credit Bank Notes	1.670%	3/24/2015	50,564
Federal Farm Credit Bank Notes	4.350%	6/8/2015	311,832
Federal Natl Mtg Assn Notes	2.250%	8/25/2015	153,370
Federal Natl Mtg Assn Notes	2.150%	2/25/2016	154,107
Federal Farm Credit Bank Notes	0.640%	11/29/2016	149,371
Federal Home Loan Bank Notes	1.250%	6/9/2017	101,040
Federal Natl Mtg Assn Notes	0.880%	11/14/2017	99,151
Federal Home Loan Bank Notes	1.500%	1/25/2018	80,067
Federal Natl Mtg Assn Notes	1.125%	2/22/2018	98,927
Federal Home Loan Mtg Corp	2.000%	6/27/2019	50,150
Federal Home Loan Bank Notes	2.450%	3/30/2016	25,859
Federal Natl Mtg Assn Notes	2.170%	9/15/2016	10,280
Federal Farm Credit Bank Notes	0.875%	5/22/2017	29,970
Federal Home Loan Bank Notes	1.000%	4/30/2018	9,843
Federal Home Loan Mtg Corp Notes	1.550%	7/17/2018	13,977
Federal Farm Credit Bank Notes	1.120%	12/19/2018	4,897
Federal Farm Credit Bank Notes	3.330%	1/28/2019	26,922
Federal Home Loan Bank Notes	2.000%	3/14/2019	25,009
Total			<u>\$ 1,924,009</u>

**RONAN PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

3. DUE FROM OTHER GOVERNMENTS

Due from other governments consists of \$148,182 due from the State of Montana to the elementary miscellaneous fund for Title I and IDEA Part B funding and the remaining \$18,434 is due from the State of Montana for various programs.

4. CAPITAL ASSETS

The changes in capital assets during 2014 were as follows:

Governmental activities:	Balance at June			Balance at June
	30, 2013	Additions	Deletions	30, 2014
Capital assets not being depreciated				
Land	\$ 346,841	\$ -	\$ -	\$ 346,841
Total capital assets not being depreciated	<u>346,841</u>	-	-	<u>346,841</u>
Other capital assets:				
Buildings	24,709,221	79,412	-	24,788,633
Improvements other than buildings	2,653,363	-	-	2,653,363
Machinery and equipment	4,700,717	103,018	-	4,803,735
Total other assets at historical cost	<u>32,063,301</u>	<u>182,430</u>	-	<u>32,245,731</u>
Less: accumulated depreciation	<u>(10,740,999)</u>	<u>(948,461)</u>	-	<u>(11,689,460)</u>
Total	<u>\$ 21,669,143</u>	<u>\$ (766,031)</u>	\$ -	<u>\$ 20,903,112</u>

Depreciation expense was allocated to function in the government-wide financial statements as follows:

Instruction	\$ 26,952
Administration	7,004
Operation and Maintenance	46,929
Student Transportation	243,597
School Food	5,557
Unallocated	618,422
Total	<u>\$ 948,461</u>

5. LONG-TERM DEBT

In the governmental-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums are expensed at the date of sale.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**RONAN PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

5. LONG-TERM DEBT (Continued)

Changes in long-term debt during 2014 are as follows:

	Balance			Deletions	Balance		Due Within One Year
	June 30, 2013	Additions			June 30, 2014		
General Obligation Bonds	\$ 4,750,000	\$ -	\$ (555,000)	\$ 4,195,000	\$ 565,000		
Compensated Absences	423,557	1,007	-	424,564	45,184		
OPEB Obligation	1,840,336	-	(292,511)	1,547,825	-		
Total	<u>\$ 7,013,893</u>	<u>\$ 1,007</u>	<u>\$ (847,511)</u>	<u>\$ 6,167,389</u>	<u>\$ 610,184</u>		

Compensated Absences – Compensated absences are absences for which employees will be paid for time off earned for time during employment, such as earned vacation and sick leave. Non-teaching District employees earn vacation leave ranging from fifteen to twenty-four days per year depending on the employee’s year of service. Vacation leave may be accumulated not to exceed two times the maximum number of days earned annually. Sick leave is earned at a rate of one day per month for non-teaching employees. Upon retirement or termination, employees are paid for 100% of unused vacation leave and 25% of unused sick leave. Upon termination, all payments are made at the employee’s current rate of pay.

Teachers are granted 14 sick leave days per school year. Sick leave is cumulative to a maximum of 70 days. Teachers are also granted three days of personal leave each year, cumulative to six days. Upon termination, a tenured teacher shall receive a lump sum payment for all days of accumulated and unused medical and personal leave at the rate of \$55.00 per day.

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

General Obligation Bonds - The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2014 were as follows:

<u>Purpose</u>	<u>Date</u>	<u>Rate</u>	<u>Term</u>	<u>Date</u>	<u>Amount</u>	<u>Payment</u>	<u>June 30, 2014</u>
Series 2011 Refunding Bonds - Elementary	9/22/2011	2-2.5%	10 yrs	7/21/2021	\$ 3,950,000	varies	\$ 2,940,000
Series 2011 Refunding Bonds - High School	9/22/2011	2-2.5%	10 yrs	7/21/2021	<u>1,680,000</u>	varies	<u>1,255,000</u>
Total					<u>\$ 5,630,000</u>		<u>\$ 4,195,000</u>

**RONAN PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

5. LONG-TERM DEBT (Continued)

Future debt service requirements to maturity for the general obligation bonds are as follows:

Fiscal Year Ending June 30,	Principal	Total Interest
2015	565,000	89,631
2016	575,000	78,332
2017	585,000	66,831
2018	600,000	55,131
2019	615,000	43,131
2020	620,000	30,601
2021	635,000	15,875
Totals	<u>\$ 4,195,000</u>	<u>\$ 379,532</u>
Less Current Portion	<u>565,000</u>	
	<u>\$ 3,630,000</u>	

6. GOVERNMENT-WIDE RESTRICTED NET POSITION

Restricted Net Position – Consists of net assets with constraints placed on the use either by (a.) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b.) law through constitutional provisions or enabling legislations. The District applies restricted resources first to expenses when both restricted and unrestricted net assets are available.

Restricted net position at June 30, 2014 consists of the following:

Debt Service	\$ 423,887
Program	<u>1,597,021</u>
Total Restricted Net Position	<u>\$ 2,020,908</u>

7. GOVERNMENT FUND BALANCE REPORTING

**Reserved Fund Balances** – State law permits a reserve for operations in certain budgeted funds. The maximum reserve for operations permitted for the District, which is a percentage of the subsequent year’s budgeted expenditures, are as follows:

General Fund	10%
Transportation Fund	20%
Retirement Fund	20%
Adult Education Fund	35%

**Restricted Fund Balances** - The District spends restricted amounts first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the District spends

**RONAN PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

7. GOVERNMENT FUND BALANCE REPORTING (Continued)

committed first, then assigned, and lastly, unassigned funds. Committed funds must be so designated by the Board of Trustees and assigned funds are designated by the Superintendent as authorized by the Board of Trustees. There were no committed, assigned or non-spendable funds at June 30, 2014.

Restricted fund balances consist of:

Fund	Amount	Purpose
Major Funds:		
Elementary Transportation	\$ 88,724	Restricted for student transportation.
Elementary Bus Depreciation	434,338	Restricted for student transportation.
Elementary Miscellaneous Programs	402,935	Restricted by grantor for special projects
Elementary Debt Service	261,783	Restricted for debt service.
Aggregate Remaining Funds:		
Various	297,427	Restricted for regular instruction.
Various	123,861	Restricted for employee benefits.
Various	56,326	Restricted for adult education.
School Food	93,197	Restricted for school food service.
High School Debt Service	110,639	Restricted for debt service.
Total Restricted Fund Balance	<u>\$ 1,869,230</u>	

Unassigned fund balances consist of the following:

General Fund	<u>\$ 4,054,109</u>
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Of restricted funds, \$402,935 is restricted due to external requirements. The remainder of \$1,466,295 is restricted by state law.

Because the Impact Aid funds are considered primarily general aid to the recipient school district, the Impact Aid Fund was aggregated to the General Fund as follows:

	General Fund	Elementary Impact Aid Fund	High School Impact Aid Fund	Total
Revenues	\$ 7,884,787	\$ 1,305,870	\$ 295,918	\$ 9,486,575
Expenditures	7,921,066	684,725	414,944	9,020,735
Changes in Fund Balance	(36,279)	621,145	(119,026)	465,840
Fund Balance:				
Beginning of the Year	351,147	3,056,359	180,763	3,588,269
End of the Year	<u>\$ 314,868</u>	<u>\$ 3,677,504</u>	<u>\$ 61,737</u>	<u>\$ 4,054,109</u>

**Deficit Fund Balance/Net Position** – The High School Miscellaneous Fund had a deficit fund balance/net position in the amount of \$52,201 as of June 30, 2014. The deficit will be eliminated by subsequent receipt of revenues.

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

8. RETIREMENT PLANS

The District participates in two statewide, mandatory, cost-sharing, multiple employer, defined benefit retirement plans which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Montana Teachers' Retirement System (MTRS) covers teaching employees, including principals and superintendents. The Montana Public Employees' Retirement System (MPERS) covers other non-teaching employees.

The plans are established by State law and are administered by the State of Montana. The plans provide retirement, disability, and death benefits to plan members and beneficiaries. Contribution rates for both plans are required and determined by State law.

The contribution rates, expressed as a percentage of covered payroll, were as follows:

	Employer	Employee	State	Total
MTRS.....	8.47%	8.15%	2.49%	19.10%
MPERS .....	7.80%	7.90%	0.37%	16.07%

The amounts contributed to MTRS and MPERS during the years ended June 30, 2012, 2013 and 2014 were equal to the required contribution for each year. The amounts contributed by both the District and its employees were as follows:

	2012	2013	2014
MTRS	\$ 548,391	\$ 558,994	\$ 600,887
MPERS	101,274	107,005	113,736
TOTAL	\$ 649,665	\$ 665,999	\$ 714,623

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

Both plans issue a publicly available financial report that includes financial statements and required supplementary information for the plans. Those reports may be obtained from the following:

Mt. Teachers Retirement System P.O. Box 200139 1500 Sixth Avenue Helena, Montana 56920-0139 Telephone (406) 444-3134	Mt. Public Employees Retirement System P.O. Box 200131 1712 Ninth Avenue Helena, Montana 59620-0131 Telephone (406) 444-3154
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9. POSTEMPLOYMENT HEALTHCARE PLAN

*Plan Description* – The District has a single-employer medical plan that provides medical, dental and vision benefits to eligible employees, retirees, spouses and dependents. Benefit provisions are set annually but the Board of Trustees and may be revoked or altered at any time. The District's healthcare plan provides for, and Montana State Law (2-18-704) requires local governments to allow employees with at

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

9. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

least 5 years of service and who are at least age 50 along with surviving spouses and dependents to stay on the government's health care plan as long as they pay the same premium. Participation is elected by the retiree at the time of retirement. Since retirees are usually older than the average age of the plan participants they receive a benefit of lower insurance rates. This benefit is reported as the Other Post Employment Benefits (OPEB) liability. The above described OPEB plan does not provide a stand-alone financial report.

*Fund Policy* – The government pays OPEB liability costs on a pay-as-you-go basis. A trust fund for future liabilities has not been established. The District provides no direct subsidy to the health insurance premiums for retirees. Retirees pay for the entire cost of the health insurance premium.

*Funding Status and Funding Progress* – The funded status of the plan as of June 30, 2014, was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,717,876
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,717,876</u>
Funded Ratio (Actuarial Value of Plan Assets/UAAL)	0.0%
Covered payroll (Active Plan Members)	\$ 8,350,869
UAAL as a Percentage of Covered Payroll	32.5%

*Annual OPEB Cost and Net OPEB Obligation* – The government's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the government's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 283,013
Interest on Net OPEB Obligation	56,695
Adjustment to ARC	<u>(550,805)</u>
Annual OPEB Cost (Expense)	\$ (211,097)
Contributions Made	<u>(81,414)</u>
Increase in Net OPEB Obligation	\$ (292,511)
Net OPEB Obligation - Beginning of the Year	<u>1,840,336</u>
Restatement	-
Net OPEB Obligation - End of the Year	<u><u>\$ 1,547,825</u></u>

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

Actuarial Cost Method	Unit Credit Cost Method
Discount Rate (Average Anticipated Rate)	4.25%
Average Salary Increase (Consumer Price Index)	2.50%

The healthcare cost trend rate (HCCTR) was based on projections from historical rates of the District. The valuation used a HCCTR assumption of 10% in the plan year 2012, grading down by 1% or .5% each year until an ultimate HCCTR of 5.0% is reached.

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

9. POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Future retirees assumed to elect medical coverage	45.0%
Future retirees assumed to elect dental coverage	18.6%
Future retirees assumed to elect vision coverage	16.0%
Future retirees who elect medical, dental or vision coverage and are married are assumed to elect spousal coverage as well	70.0%

10. RISK MANAGEMENT

The District faces considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e. errors and omissions, (d) environmental damage, (e) workers' compensation, i.e. employee injuries, and (f) medical insurance costs of employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

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

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

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

11. JOINT VENTURE

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose which are subject to joint control, in which the participating governments retain 1) an ongoing financial interest or 2) an ongoing financial responsibility.

The district participates in the M-H Multidistrict Cooperative pursuant to the provisions of Sections 20-3-363, M.C.A. The purpose of the cooperative is to allow each participating district to perform any services, activities, and undertakings of the participating districts or other public agencies and to provide for the joint funding and operation and maintenance of all participating districts or other public agencies upon the terms and conditions as may be mutually agreed to by the districts subject to the conditions of section 20-3-363, MCA. According to the agreement, each participating district may transfer funds into the multidistrict cooperative fund from the general fund or any other budgeted fund of the district by April 1<sup>st</sup> of the current fiscal year in which agreement is executed and by April 1 in any subsequent year to which the agreement applies, and shall transfer its financial support to the prime agency by district warrant. The interlocal agreement in which the cooperative was formed, will be in force from April 1, 2013 to April 1, 2016.

12. NEW ACCOUNTING PRONOUNCEMENT

The District has adopted the provisions of the following GASB pronouncements for the year ended June 30, 2014:

- Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement defines new financial statement items referred to as deferred outflows of resources and deferred inflows of resources, and reclassifies certain items previously classified as assets or liabilities as deferred outflows or deferred inflows, respectively. The main impact on the District is described in Note 1, Item J.

13. COMMITMENT

As of June 30, 2014 the District was committed to purchase 4 school buses in the amount \$369,961. The buses were purchased subsequent to year-end.

\* \* \* \* \*

**REQUIRED SUPPLEMENTAL INFORMATION**

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

**OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
SCHEDULE OF FUNDING PROGRESS**

**For the Fiscal Year Ended June 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (a/b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/(c))
July 1, 2009	\$ -	\$ 6,213,306	\$ 6,213,306	0%	\$ 6,785,161	91.6%
July 1, 2012	\$ -	\$ 2,717,876	\$ 2,717,876	0%	\$ 7,602,524	35.7%

Changes in plan provision:

- July 1, 2010 Changed vendor an plans offered.
- July 1, 2011 Preexisting condition waiting period has been waived.  
The definition of eligible dependent has changed.  
Fully covered in-network preventive benefits have been eliminated.

RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
Elementary and High School General Funds  
For the Year Ended June 30, 2014

	-----Elementary-----			-----High School-----		
	Original Budget	----- General Fund----- Final Budget	Actual	Original Budget	----- General Fund----- Final Budget	Actual
Revenues:						
District Property Taxes	\$ 330,778	\$ 330,778	\$ 326,859	\$ 167,520	\$ 167,520	\$ 166,209
Investment Interest	-	-	-	-	-	-
Tuition and Fees	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-
State Sources	5,331,035	5,353,156	5,346,919	1,972,598	2,043,962	2,043,962
Other	6,284	6,284	446	17,460	17,460	392
Total Revenues	<u>5,668,097</u>	<u>5,690,218</u>	<u>5,674,224</u>	<u>2,157,578</u>	<u>2,228,942</u>	<u>2,210,563</u>
Expenditures:						
Current Operations:						
Instruction			3,915,243			1,202,576
Support Services			595,691			175,897
Administration			775,265			451,287
Operations and Maintenance			313,128			196,594
Student Transportation			-			1,200
Extracurricular			88,524			205,661
Capital Outlay			-			-
Total Expenditures and Encumbrances	<u>5,668,097</u>	<u>5,884,830</u>	<u>5,687,851</u>	<u>2,157,578</u>	<u>2,228,942</u>	<u>2,233,215</u>
Total Expenditures	<u>5,668,097</u>	<u>5,884,830</u>	<u>5,687,851</u>	<u>2,157,578</u>	<u>2,228,942</u>	<u>2,233,215</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>\$ (194,612)</u>	<u>\$ (13,627)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,652)</u>
			Fund balance - beginning (Budget basis)			235,628
			Fund balance - ending (Budget basis)			212,976
			Current year encumbrances			-
			<u>\$ 101,892</u>			<u>\$ 212,976</u>

The accompanying notes are an integral part of this schedule.

RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
Elementary Transportation and Elementary Bus Depreciation Funds  
For the Year Ended June 30, 2014

	-----Elementary-----		-----Elementary-----	
	Transportation Fund Original and Final Budget	Actual	Bus Depreciation Fund Original and Final Budget	Actual
Revenues:				
District Property Taxes	\$ 179,159	\$ 175,900	\$ 285,814	\$ 281,923
Investment Interest	-	-	-	-
Tuition and Fees	-	-	-	-
Federal Sources	-	-	-	-
State Sources	169,275	57,788	-	-
Other	111,566	200,508	48,338	42,188
Total Revenues	<u>460,000</u>	<u>434,196</u>	<u>334,152</u>	<u>324,111</u>
Expenditures:				
Current Operations:				
Instruction		12,766		-
Support Services		-		-
Administration		-		-
Operations and Maintenance		-		-
Student Transportation		381,970		-
Extracurricular		-		-
Capital Outlay		-		285,159
Total Expenditures and Encumbrances	<u>460,000</u>	<u>394,736</u>	<u>334,152</u>	<u>285,159</u>
Net change in fund balance	<u>460,000</u>	<u>394,736</u>	<u>334,152</u>	<u>285,159</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>\$ 39,460</u>	<u>\$ -</u>	<u>\$ 38,952</u>
Fund balance - beginning (Budget basis)		<u>49,264</u>		<u>117,915</u>
Fund balance - ending (Budget basis)		88,724		156,867
Current year encumbrances		-		277,471
Fund balance ending (GAAP basis)		<u>\$ 88,724</u>		<u>\$ 434,338</u>

**SUPPLEMENTAL INFORMATION**  
**REQUIRED BY THE**  
**MONTANA OFFICE OF PUBLIC INSTRUCTION**

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

**SCHEDULE OF ENROLLMENT  
For the Fiscal Year Ended June 30, 2014**

**Fall Enrollment - October, 2013**

**Elementary School District**

	FALL		
	Per Enrollment	Audit Per	Difference
	Reports	District Records	
Kindergarten Full	144	144	0
Grades 1-6	738	738	0
Grades 7-8	208	208	0
<b>Total Elementary</b>	<b>1090</b>	<b>1090</b>	<b>0</b>

Per Enrollment Reports				Audit per District Records		Difference
< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	
0	0	0	0	0	0	0
0	0	N/A	N/A	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

**High School District**

	FALL		
	Per Enrollment	Audit Per	Difference
	Reports	District Records	
Grades 9-12	350	350	0
19 year-olds	0	0	0
Job Corps students	0	0	0

Per Enrollment Reports				Audit per District Records		Difference
< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	
1	0	0	0	0	0	0

**Winter Enrollment - December, 2013**

**Elementary School District**

	WINTER		
	Per Enrollment	Audit Per	Difference
	Reports	District Records	
Kindergarten Full	141	141	0
Grades 1-6	740	740	0
Grades 7-8	208	208	0
<b>Total Elementary</b>	<b>1089</b>	<b>1089</b>	<b>0</b>

Per Enrollment Reports				Audit per District Records		Difference
< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	
0	0	0	0	0	0	0
0	0	N/A	N/A	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

**High School District**

	WINTER		
	Per Enrollment	Audit Per	Difference
	Reports	District Records	
Grades 9-12	344	344	0
19 year-olds	0	0	0
Job Corps students	0	0	0

Per Enrollment Reports				Audit per District Records		Difference
< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	
1	0	0	0	0	0	0

**RONAN PUBLIC SCHOOLS**  
**DISTRICT NO. 30, LAKE COUNTY**  
**RONAN, MONTANA**

**SCHEDULE OF ENROLLMENT**  
**For the Fiscal Year Ended June 30, 2014**

**Spring Enrollment - February, 2014**

**Elementary School District**

	<b>SPRING</b>		
	<b>Per Enrollment</b>	<b>Audit Per</b>	
	<b>Reports</b>	<b>District Records</b>	<b>Difference</b>
Kindergarten Full	143	143	0
Grades 1-6	737	737	0
Grades 7-8	204	204	0
Total Elementary	<u>1084</u>	<u>1084</u>	<u>0</u>

Per Enrollment Reports				Audit per District Records		Difference
< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	
0	0	0	0	0	0	0
0	0	N/A	N/A	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

**High School District**

	<b>SPRING</b>		
	<b>Per Enrollment</b>	<b>Audit Per</b>	
	<b>Reports</b>	<b>District Records</b>	<b>Difference</b>
Grades 9-12	322	322	0
19 year-olds	0	0	0
Early Graduates	2	2	0
Job Corps students	0	0	0

Per Enrollment Reports				Audit per District Records		Difference
< 181 hrs/yr	181-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	< 181 hrs/yr	181-359 hrs/yr	
0	0	0	0	0	0	0

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

**Extracurricular Funds  
Schedule of Revenues and Expenditures - All Funds Accounts  
For the Fiscal Year Ended June 30, 2014**

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In (Out)	Ending Balance
Activity Revenue	\$ 55,486	\$ 27,639	\$ 13,853	\$ (324)	\$ 68,948
Art Fundraiser	-	2	-	-	2
Band	(405)	4,162	1,935	(901)	921
Band Fundraisers	1,261	27,330	25,060	(3,179)	352
Band Resale	278	1,265	1,513	-	30
Big Creek/Pablo Elementary	1	-	-	-	1
Boys Basketball	11,742	3,824	8,927	(1,953)	4,686
Boys Basketball Summer Camps	1,589	7,241	1,622	(6,133)	1,075
BPA Regional Account	2,612	3,000	1,861	-	3,751
Business Professionals of America	1,926	2,505	1,530	(80)	2,821
Cheer Summer Camps	1,079	255	1,079	-	255
Cheerleaders	1,000	-	747	-	253
Chorus	1,839	699	392	(419)	1,727
Class of 2014/Senior	531	2,140	72	(2,599)	-
Class of 2015/Junior	1,884	2,352	3,748	-	488
Class of 2016/Sophomore	95	219	-	-	314
Class of 2017/Freshman	23	55	95	-	(17)
Class of 2018/8th Honors	(33)	1,871	1,633	(205)	-
Class of 2019/7th Honors	-	1,764	1,353	(411)	-
Concessions	5,437	37,127	31,901	343	11,006
Drama-Play Theater	702	2,880	-	-	3,582
Event Center/Tourney	668	42,716	44,055	200	(471)
FCCLA/FHA	1,122	1,044	144	-	2,022
FFA	2,908	7,699	11,478	(1,209)	(2,080)
Fines Transfer	-	11,338	11,313	-	25
Football	1,088	8,599	16,680	702	(6,291)
Football Summer Camps	(150)	20,348	14,581	-	5,617
Gate Receipts - Official	-	21,977	16,895	(5,082)	-
Girls Basketball	5,098	7,173	6,077	(4,418)	1,776
Girls Basketball Summer Camps	1,119	6,477	1,169	(5,539)	888
Golf	1,657	3,250	2,138	(1,502)	1,267
Golf Fundraiser	1,401	100	1,502	-	(1)
High School Parking Permits	1,510	640	-	-	2,150
High School Revolving	692	775	312	-	1,155
High School Ski Trips (HS PE)	463	-	-	-	463
High School Student Council	3,000	1,684	1,075	-	3,609
High School Yearbook	12,097	8,067	9,441	-	10,723
HOSA	1,184	2,439	3,845	(158)	(380)
HS Indian Club	2,237	-	-	-	2,237
KWH DVD - Music	-	368	523	345	190
KWH Elementary Revolving	3,266	17,900	18,156	(532)	2,478
Little Dribblers	5,308	8,691	2,892	(1,465)	9,642
Lumber Resale	6,046	4,766	6,731	100	4,181
Middle School Basketball	-	948	776	(172)	-
Middle School Cross Country	(112)	-	-	112	-
Middle School Football	-	225	296	71	-
Middle School Fundraiser	292	-	-	-	292
Middle School Girls Basketball	-	446	765	319	-
Subtotal	137,941	304,000	268,165	(34,089)	139,687

(Continued on next page)

**RONAN PUBLIC SCHOOLS  
DISRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

**Extracurricular Funds  
Schedule of Revenues and Expenditures - All Funds Accounts  
For the Fiscal Year Ended June 30, 2014**

	Beginning Balance	Revenues	Expenditures	Transfers In (Out)	Ending Balance
(Continued from previous page)					
Subtotal	137,941	304,000	268,165	(34,089)	139,687
Middle School Indian Club	808	-	-	-	808
Middle School Music Festival	63	-	-	-	63
Middle School Revolving	3,171	2,773	1,703	-	4,241
Middle School Student Council	572	797	589	(16)	764
Middle School Track	15	15	398	368	-
Middle School TSA Robotics	256	1,056	1,155	488	645
Middle School Volleyball	-	-	107	107	-
Middle School Yearbook	833	1,995	2,069	-	759
MT Natural History	(68)	2,609	1,569	-	972
National Honor Society	1,886	9,959	9,712	-	2,133
Pablo Elementary Revolving	2,087	122	639	-	1,570
Pablo Reading Program	2,397	9,930	8,083	-	4,244
Pepsi Commissions	4,255	477	2,000	-	2,732
RHS Students/Darlington	1,003	-	-	-	1,003
Show Choir	604	4,445	4,582	101	568
Softball	(3,057)	8,735	5,000	(678)	-
Softball Fundraiser	1,238	-	-	-	1,238
Spanish Club	244	-	-	-	244
Speech and Drama	2,233	6,500	3,652	(4,823)	258
Speech and Drams Fundraising	328	-	-	-	328
Tennis	1,980	1,950	2,116	(1,266)	548
Track	3,685	6,643	14,778	(460)	(4,910)
Training-Athletic	2,854	975	651	-	3,178
Transportation	1,406	5,057	23,864	18,386	985
Travel Fund Revolving	-	8,491	36,637	28,146	-
TSA/Robotics Fundraising	3,470	5,611	7,147	(1,435)	499
VICA	1,341	-	-	-	1,341
Volleyball	5,539	4,685	7,281	(2,099)	844
Volleyball Summer Camps	2,230	3,126	2,214	-	3,142
Welding Resale	196	131	131	-	196
Wrestling	52	10,722	9,495	(1,279)	-
Wrestling Summer Camps	1,266	-	385	-	881
XC - Cross Country	(15)	3,250	1,780	(1,451)	4
XC Fundraiser	2	315	-	-	317
Misc Charges	(61)	-	-	-	(61)
<b>TOTAL</b>	<b>\$ 180,754</b>	<b>\$ 404,369</b>	<b>\$ 415,902</b>	<b>\$ -</b>	<b>\$ 169,221</b>

**SINGLE AUDIT SECTION**

RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

<b><u>Federal Grantor/Pass-Through Grantor/Program Title</u></b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through Montana Office of Public Instruction:</i>			
Food Distribution Commodities (1)	10.555	24-1200	\$ 39,273
School Breakfast Program	10.553	24-1200	155,874
National School Lunch Program	10.555	24-1200	439,888
Needy Snack Program	10.555	24-1200	13,452
Fresh Fruit and Vegetables Reimbursement	10.555	24-1200	41,025
Summer Food Program	10.559	24-1200	8,505
<b>Total U.S. Department of Agriculture</b>			<u>698,017</u>
<b><u>U.S. Department of Education</u></b>			
<i>Direct:</i>			
Federal Impact Aid - Title VIII	84.041	S041B-2014-2912	660,263
Federal Impact Aid - Title VIII	84.041	S041B-2014-2913	390,501
Title VII, Indian Education	84.060A	S060A130996	197,693
<i>Passed through Montana Office of Public Instruction:</i>			
Title I, Part A, Schoolwide Programs	84.010A	2411993214	918,979
IDEA, Part B, Children with Disabilities	84.027	2411997714	356,997
Carl Perkins (Federal Vo-Ed) - Basic Grant	84.048A	2412008114	43,801
IDEA, Preschool	84.173	2411997914	14,982
Title IV, Part B, 21st Century Community Learning Centers	84.287	2411991714	72,600
Title IV, Part B, 21st Century Community Learning Centers	84.287	2412001714	50,000
<b>Total U.S. Department of Education</b>			<u>2,705,816</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed through Montana Office of Public Instruction:</i>			
TANF - Montana Out-of-School Time Project (Ronan/Pablo)	93.558	1302MOST0219	14,899
<b>Total Federal Financial Assistance</b>			<u>\$ 3,418,732</u>

(1) This amount represents the value of commodities received under the child nutrition cluster.

Individual inventory categories or items were not valued. Therefore, it was not possible to determine the value of commodities used (expenditures) or value of the beginning and ending inventory balances.

The accompanying notes are an integral part of this schedule.

**RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA**

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

**BASIS OF PRESENTATION**

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

\* \* \* \* \*

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

To the Board of Trustees  
Ronan Public Schools  
District No. 30, Lake County  
Ronan, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ronan Public Schools, District No. 30, Lake County, Montana (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2015.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District'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 Ronan Public Schools' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency and it is identified as finding 2014-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **District's Response to Findings**

The District's response to the finding identified in our audit is described on page 49. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lolo, Montana  
February 27, 2015

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees  
Ronan Public Schools, District #30  
Lake County  
Ronan, Montana

### **Report on Compliance for Each Major Federal Program**

We have audited Ronan Public Schools, District No. 30, Lake County, Montana's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal program for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

## Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Doyle & Associates, P.C.

Lolo, Montana  
February 27, 2015

RONAN PUBLIC SCHOOLS  
DISTRICT NO. 30, LAKE COUNTY  
RONAN, MONTANA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**Section I – Summary of the Auditor’s Results**

Financial Statements

1. Type of auditor's report issued: Unmodified opinion
2. Internal control over financial reporting:
- Material weaknesses identified? \_\_\_ yes      X no
- Significant deficiencies identified? X yes      \_\_\_ none reported
3. Noncompliance material to the financial statements noted? \_\_\_ yes      X no

Federal Awards

4. Internal control over major programs:
- Material weaknesses identified? \_\_\_ yes      X no
- Significant deficiencies identified? \_\_\_ yes      X none reported
5. Type of auditor's report issued on compliance for major programs: Unmodified opinion
- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_ yes      X no

7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program
84.010A	Title I, Part A School-wide Programs
84.027	IDEA, Part B, Children with Disabilities

8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
9. Auditee qualified as low-risk auditee? \_\_\_ yes      X no

**Section II – Financial Statement Findings**

**FINDINGS – SIGNIFICANT DEFICIENCIES**

**2014-1 Investment Reporting**

**Condition:** The District did not report their investments at fair market value at June 30, 2014.

**Criteria:** GASB No. 31 — *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* requires that certain investments be reported at fair value.

**Effect:** The District’s investments were not reported at fair market value as of June 30, 2014 which resulted in an audit adjustment.

**Cause:** Management oversight.

**Recommendation:** The District should ensure that investments are reported at fair market value to comply with GASB No. 31.

**Auditee Response:**

The District will report investments at fair market value to ensure compliance with the requirements of GASB Statement No. 31.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs to report.

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## REPORT ON PRIOR AUDIT RECOMMENDATIONS

To the Board of Trustees  
Ronan Public Schools  
District No. 30, Lake County  
Ronan, Montana

The prior audit report contained four audit recommendations. The actions taken on the recommendations are as follows:

- 13-1 – Taxes Receivable – We are pleased to report that management has implemented auditor recommendation.
- 13-2 – Overstated Accounts Payable – We are pleased to report that management has implemented auditor recommendation.
- 13-3 – Cash Reconciliation – We are pleased to report that management has implemented auditor recommendation.
- 13-4 – Enrollment – We are pleased to report that management has implemented auditor recommendation.

*Doyle & Associates, P.C.*

February 27, 2015