

**KIRCHER ELEMENTARY SCHOOL
SCHOOL DISTRICT NO. 3
MILES CITY, MONTANA**

FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2014

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Kircher School District No. 3

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Board of Trustees
Kircher School District No. 3
Custer County
331 Kircher Creek Rd
Miles City, Montana 59301

We have performed the procedures enumerated below, which were agreed to by School District Number 3, Custer County, Miles City, Montana, and the State of Montana, solely to perform a financial review of the School District as of and for the year ended June 30, 2014, as required by Section 2-7-503, MCA. The School District's management is responsible for the financial statements, compliance with the specified requirements and internal control over compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the State of Montana, as required by Section 2-7-503, MCA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- a. We reconciled the District's cash/investment balances as reported on the Trustees' Financial Summary (See Schedule A) with the records of the County Treasurer, or bank accounts, if applicable.

The Trustees' Financial Summary cash in the Miscellaneous Programs (15 Fund) was overstated by \$3,112.85. It was because of an accounting error in recording transactions with the County Treasurer. The balance has been corrected.

We found no other exceptions as a result of these reconciliation procedures.

- b. We examined the July, 2014 disbursements journals and expenditures made in that month to determine if payables are recorded at June 30, 2014, (See Schedule A).

We found no exceptions in the recording of payables as a result of these procedures.

- c. We determined whether the District maintained records of capital assets and had documentation to support the records, as required by Administrative Rules (ARM 10.10.407).

The District had documentation to support the capital assets records.

- d. We compared budgeted property tax revenues to actual property tax revenues for each budgeted fund; noted any variances in excess of 5% or \$500, whichever is greater; and determined the reasons for such variances.

No variances in excess of the limits described above were noted as a result of these comparisons.

- e. We reconciled total District revenues and expenditures (See Schedule B) to total cash receipts and disbursements for the district as reported by the County Treasurer.

We found no exceptions as a result of these reconciliation procedures.

- f. We observed whether:

- The District maintained accounting records, including a disbursement ledger.
- The expenditures, including payroll, are supported by appropriate documentation (MCA 20-9-207) and coded correctly (ARM 10.10.406).
- The District maintained minutes of School Board meetings and whether they contain detailed statements of expenditures as required by MCA 20-3-323.
- The District maintained pupil attendance records.
- The District reconciled monthly with the reports of the county treasurer (ARM 10.10.501 & 10.10.205).
- The District maintained payroll records, including a payroll register for each employee.
- The District reconciled its federal and state payroll reports to the annual wage and tax statements submitted to the Social Security Administration.
- The District reconciled the total cash in the Miscellaneous Programs fund with the individual projects within the fund.
- The District has no Student Extracurricular Fund.

We found no exceptions as a result of these procedures.

- g. We reconciled the enrollment as reported on the Fall and Spring enrollment reports to the school district's enrollment records. (See Schedule C)

We found no exceptions as a result of these reconciliation procedures.

- h. We verified that total expenditures for each budgeted fund did not exceed the budgeted expenditures for the fund. (MCA 20-9-133; 20-9-209; ARM 10.10.305)

Total expenditures for each budgeted funds did not exceed the budgeted expenditures for the fund, except as disclosed in finding number 1 in Schedule D.

Accompanying are the following schedules:

Schedule A presents the District's assets, liabilities and fund equity, by fund, as of June 30, 2014.

Schedule B presents the District's beginning fund equity, the total revenues and other financing sources, the total expenditures and other financing uses, prior period adjustments, and the ending fund equity for each fund for the year ended June 30, 2014.

Schedule C presents the District's enrollment as reported on the Fall, Winter, and Spring pupil enrollment reports and per the District's enrollment records.

Schedule D presents findings and recommendations resulting from performing the above agreed-upon procedures.

We were not engaged to, and did not conduct an examination or audit, the objective of which would be the expression of an opinion on the specified accounts and transactions, or on compliance or effectiveness of internal control over compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of School District No. 3, Custer County, Miles City, Montana, and the State of Montana, and is not intended to be and should not be used by anyone other than these specified parties.

James J. Wosepka, PC

*By James J. Wosepka
CRA*

October 30, 2014
Baker, Montana

Schedule A

Kircher School District Number 3, Custer County, Miles City, Montana

Schedule of Assets, Liabilities, and Fund Balance - All Funds
June 30, 2014

Assets:	Miscellaneous Programs										Total
	General	Transportation	School Food Services	Retirement	Technology	Flexibility	Building	Total			
Cash & Investments	43,137	409	3,075	500	688	5,138	313	57,152			
Total Assets	43,137	409	3,075	500	688	5,138	313	57,152			
Liabilities & Fund Equity:											
Reserve for Fund Purposes	-	409	3,075	500	688	5,138	313	14,015			
Unreserved Fund Balance	43,137	-	-	-	-	-	-	43,137			
Total Liabilities & Fund Equity	43,137	409	3,075	500	688	5,138	313	57,152			

Schedule B

Kircher School District No. 3, Custer County, Miles City, Montana

Schedule of Changes in Fund Balance - All Funds
 Budgetary Basis of Accounting
 Year Ended June 30, 2014

	General	Transportation	School Food Services	Retirement	Miscellaneous Programs	Technology	Flexibility	Building	Total
Fund Balance - July 1, 2013	36,481	1,056	2,087	16,583	14,708	235	5,109	313	76,572
Total Revenues & Other Financing Sources	215,710	53,193	14,424	15,769	47,418	453	29	-	346,996
Total Expenditures & Other Financing Uses	200,404	53,840	13,436	31,852	55,121	-	-	-	354,653
Revenues Over (Under) Expenditures	15,306	(647)	988	(16,083)	(7,703)	453	29	-	(7,657)
Prior Period Adjustments	(8,650)	-	-	-	(3,113)	-	-	-	(11,763)
Fund Balance - June 30, 2014	43,137	409	3,075	500	3,892	688	5,138	313	57,152

Schedule C

Kircher School District Number 3, Custer County, Miles City, Montana

Schedule of School District Enrollment -
Per Fall, Winter, and Spring Enrollment Reports and District Records
Year Ended June 30, 2014

	<u>Per Report Filed With OPI</u>	<u>Per District Enrollment Records</u>	<u>Difference</u>
School District Enrollment Fall Report	<u>32</u>	<u>32</u>	<u>0</u>
School District Enrollment Winter Report	<u>28</u>	<u>28</u>	<u>0</u>
School District Enrollment Spring Report	<u>29</u>	<u>29</u>	<u>0</u>

Schedule D

Kircher School District No. 3

Report of Findings and Recommendations Resulting from
Performing Agreed-Upon Procedures

Finding:

1. The District overspent the Retirement Fund budget.

Recommendation:

The District will more closely monitor it's spending in all budgeted funds.