

PLAINS PUBLIC SCHOOLS
DISTRICT NUMBER 1, SANDERS COUNTY
PLAINS, MONTANA

FINANCIAL AND
COMPLIANCE
REPORT

FOR THE YEAR ENDED
JUNE 30, 2014

RONALD PAUL FOLTZ
Certified Public Accountant

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

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**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

ORGANIZATION

JUNE 30, 2014

BOARD OF TRUSTEES

Ronald Warren	Chairman
Sydne Connolly	Vice-Chairman
John Holland	Trustee
Polly Icenoggle	Trustee
Dede Steinebach	Trustee
* Lisa French	Trustee

* High School District Only

OFFICIALS

Thomas Chisholm	District Superintendent
Virginia Holland	District Clerk/Business Manager
Robert Zimmerman	County Attorney
Carol Turk	County Superintendent of Schools

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

This management's discussion and analysis provides an overview of the School's financial activities for the fiscal year ended June 30, 2014. Please read it along with the School's financial statements which begin on page 12.

FINANCIAL HIGHLIGHTS

The School's financial operations in 2014 resulted in an increase in net position of \$399,000 or 22%. Total revenues increased \$538,000 or 12% and total expenditures increased by \$155,000 or 3%. These changes are discussed in more detail below.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the School as a whole with more detailed information for certain School funds. The Statement of Net Position and the Statement of Activities (pages 12 and 13) provide information about the activities of the School as a whole and present a long-term view of the School's finances (they include capital assets and long-term liabilities).

The fund financial statements (pages 14 through 17) present a short-term view of the School's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future). They present detailed information about the School's general and elementary miscellaneous programs funds. There is also summarized financial information (page 18) about the student activity fund, the scholarship and memorial fund, and the special education interlocal agreement fund with Paradise School District for which the School acts as a trustee.

THE SCHOOL AS A WHOLE

One important question asked about the School's finances is, "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other nonfinancial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, changes in the School's tax base, etc. to assess the overall health of the School.

Changes in the School's net position (rounded to the nearest \$1,000) were as follows:

	2014	2013	Change	%
Current assets	\$1,402,000	\$1,428,000	(\$26,000)	(2)%
Capital assets - net	1,524,000	1,029,000	495,000	48%
Total assets	2,926,000	2,457,000	469,000	19%
Current liabilities	76,000	87,000	(11,000)	(13)%
Non-current liabilities	226,000	145,000	81,000	56%
Total liabilities	302,000	232,000	70,000	30%
Net position	<u>\$2,624,000</u>	<u>\$2,225,000</u>	<u>\$399,000</u>	18%
Net position consist of:				
Net investment in capital assets .	\$1,441,000	\$1,029,000	\$412,000	40%
Restricted	447,000	423,000	24,000	6%
Unrestricted	736,000	773,000	(37,000)	(5)%
Net position	<u>\$2,624,000</u>	<u>\$2,225,000</u>	<u>\$399,000</u>	18%

Non-current liabilities increased because draws were made on the bank loan for partial funding of the Elementary classroom construction project. See Note 7 on page 25 for additional details on long-term debt. The decrease in unrestricted net position is also due to reserves expended on the construction project. Restricted net position increased because of the technology funds revenues that were not spent but carried over to be used as needed.

The change in net capital assets and net investment in capital assets is primarily due to the Elementary classroom construction project offset by depreciation expense. See Note 4 on page 24 for additional details on capital assets.

Changes in program revenues (rounded to the nearest \$1,000) were as follows:

	2014	2013	Change	%
Program revenues:				
Federal program revenue	\$604,000	\$575,000	\$29,000	5%
State funding	588,000	165,000	423,000	256%
County transportation funding ...	34,000	36,000	(2,000)	(6)%
Medicaid payments	277,000	260,000	17,000	7%
Sale of meals and other fees ...	48,000	48,000	-	-
Total program revenue	<u>\$1,551,000</u>	<u>\$1,084,000</u>	<u>\$467,000</u>	43%

Medicaid payments increased with the increased need for Medicaid Comprehensive School and Community Treatment Services (CSCT) program, locally referred to as Altacare. State funding increased due to draws totaling \$441,417 from a \$1.15 million grant from the Montana Department of Commerce. See Note 13 on page 30 for additional details on the grant.

Changes in general revenues (rounded to the nearest \$1,000) were as follows:

General revenues:	2014	2013	Change	%
District property taxes	\$843,000	\$858,000	(\$15,000)	(2)%
County property taxes	391,000	344,000	47,000	14%
State revenue	2,357,000	2,353,000	4,000	-
Investment earnings	3,000	5,000	(2,000)	(40)%
Other	23,000	14,000	9,000	64%
Gain (loss) on sale of assets		(28,000)	28,000	-
Total general revenue	3,617,000	3,546,000	71,000	2%
Total program revenue	1,551,000	1,084,000	467,000	43%
Total revenue	\$5,168,000	\$4,630,000	\$538,000	12%

Legislative changes in regards to the Montana public retirement systems caused increases in county property taxes. The Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) tax rates each increased by 1% and a new tax for working retirees of 9.85% for TRS and 7.8% tax for PERS was added. In addition, a one-time lump sum payment in the amount of \$62,054 was paid to TRS. This affected the amount of cash available to fund the retirement funds budgets that had previously been available to reduce the county tax requirement.

There were no sale of assets in 2014. Other general revenues were fairly consistent between years.

As explained on the next page, changes in expenses (rounded to the nearest \$1,000) were as follows:

Expenses:	2014	2013	Change	%
Instruction:				
Regular programs	\$1,856,000	\$1,790,000	\$66,000	4%
Other programs	914,000	860,000	54,000	6%
Instructional support				
Regular programs	252,000	260,000	(8,000)	(3)%
Other programs	79,000	67,000	12,000	18%
Operation and maintenance	471,000	457,000	14,000	3%
Administration	511,000	507,000	4,000	1%
Student transportation	270,000	267,000	3,000	1%
School food	230,000	220,000	10,000	5%
Extracurricular	120,000	117,000	3,000	3%
Other	2,000		2,000	-
Unallocated depreciation	64,000	69,000	(5,000)	(7)%
Total expenses	\$4,769,000	\$4,614,000	\$155,000	3%

Total expenses	\$4,769,000	\$4,614,000	\$155,000	3%
Less program revenue	1,551,000	1,084,000	467,000	43%
Net expenses	3,218,000	3,530,000	(312,000)	(9)%
Less general revenues	3,617,000	3,546,000	71,000	2%
General revenues over (under) net expenses	399,000	16,000	383,000	-
Transfer from student activity		18,000	(18,000)	(100)%
Change in net position	\$399,000	\$34,000	\$365,000	-

Regular instruction and other instruction program expenses increased because of a 1.5% salary increase plus an additional 1.8% increase in salary schedule steps and lane movement expenses. In addition, a high school after-school program was started during the 2013-2014 school year.

All other expenses were relatively constant as compared to the prior year.

The decrease in transfer from student activity funds results from the use of memorial and booster club monies to purchase scoreboards for the School in 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Changes in long-term debt include the School’s draw of \$82,734 of an approved \$242,234 bank loan as part of financing the Elementary classroom construction project. The changes to capital assets in 2014 include construction in progress of \$559,644 for the Elementary classroom project, \$7,000 for the purchase of a portable sawmill, and depreciation expense. Details of the changes in capital assets are shown in Note 4 on page 24 and details of the changes in long-term debt can be found in Note 7 on page 25. Also see Note 13 on page 30 for additional details about the construction project.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant of the School’s funds. The School is required to provide detailed information for its “major” funds. Major funds are defined as the general fund and other funds where the assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures exceed 10% of total government fund amounts. The general fund, elementary miscellaneous programs fund, and high school technology fund met one of these requirements.

The government funds provide a short-term view of the School’s operations. They are reported using an accounting method called modified accrual accounting which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

As shown on page 16, total government fund balances decreased \$19,000 in 2014 compared with an increase in net position of \$399,000. The reconciliation between the two is explained on page 17. All budgeted fund expenditures were within authorized budgets.

THE FUTURE OF THE DISTRICT

The future designs of the Plains Public Schools, School District #1, incorporate many transitional plans and the continuation of long term projects. The key focus has been on finalizing the construction of the new elementary building and related reporting. This project was always beyond the scope of building, and includes sale of the old properties, details of moving into the new facilities and exiting the old building, and the changes to the unified campus. This transition will be completed by the end of summer 2015. At this time, the District will enter the school year as a Class "C" school, having been reclassified by MESA. This is attributed to the lower number of students in the high school as has been charted and projected. This will bring about new relationships with like sized districts as well as facilities modifications to accommodate necessary rule mandates. Ironically, the elementary will evolve with an unprecedented high enrollment. This has caused an increase in elementary staffing needs, while the high school is decreasing.

The long term goals will be to continue to evaluate data to determine the best course of action to ensure high levels of student achievement. The elementary RTI program has maintained a successful model of raising student reading and math levels. Data will also help drive curriculum delivery and most importantly, professional development. The District will strive to increase professional development that promotes student achievement. Plains Public Schools also are preparing for the changes that will occur when the transition to a K-12 district occurs in FY 2017, as a result of the Paradise District dissolution. This will affect the scope of educational leadership within the school system. Whether it is transitional efforts or long term projects, the underlying philosophy of the Plains Public Schools is to demonstrate high student achievement and provide a quality education as a foundation for our students' future endeavors.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Plains Public Schools
District No. 1, Sanders County
Plains, Montana

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plains Public Schools, District No. 1, Sanders County, Plains, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards 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 I 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Audit Opinions

In my 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 Plains Public Schools, District No. 1, Sanders County, Plains, Montana, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

I have previously audited Plains Public School's 2013 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated October 29, 2013. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 6 and the schedule of revenues, expenditures, and encumbrances - budget and actual - general funds and high school technology fund on pages 31 and 32 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. I have applied certain limited procedures to the required supplemental information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

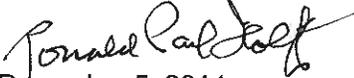
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plains Public School's basic financial statements. The schedule of expenditures of federal awards on pages 34 is required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The schedule of school district enrollment on page 36 and the schedule of revenues, expenditures, and changes in fund balances by student activity for the extracurricular fund on pages 37 and 38 are supplementary information required by the State of Montana. These schedules are presented for the purposes of additional analysis and are not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards.

In my opinion, the schedule of expenditures of federal awards, the schedule of school district enrollment, and the schedule of revenues, expenditures, and changes in fund balances by student activity for the extracurricular fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplemental information listed in the accompanying table of contents, and appearing on pages 39 and 40, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, I have also issued my report dated December 5, 2014 on my consideration of Plains Public School's internal control over financial reporting and on my 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 my 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 Plains Public School's internal control over financial reporting and compliance.


December 5, 2014

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**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

STATEMENT OF NET POSITION

JUNE 30, 2014

(With comparative amounts for June 30, 2013)

	2014	2013
ASSETS:		
Current Assets:		
Cash and Investments	\$1,091,070	\$1,171,754
Property Taxes Receivable	126,123	122,126
Due From Other Governments	156,637	118,660
Prepaid Expenses	28,200	15,522
Total Current Assets	<u>1,402,030</u>	<u>1,428,062</u>
Capital Assets	3,389,778	2,823,273
Less Accumulated Depreciation	(1,866,091)	(1,794,525)
Capital Assets - Net	<u>1,523,687</u>	<u>1,028,748</u>
Total Assets	<u>2,925,717</u>	<u>2,456,810</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	14,429	25,866
Current Portion of Long-Term Debt	61,675	61,256
Total Current Liabilities	<u>76,104</u>	<u>87,122</u>
Long-term Debt:		
Notes Payable	82,734	
Deferred Compensation	15,300	15,750
Compensated Absences	114,413	113,260
Estimated Retiree Health Care Costs	12,957	15,883
Total Long-term Debt	<u>225,404</u>	<u>144,893</u>
Total Liabilities	<u>301,508</u>	<u>232,015</u>
NET POSITION		
Net Investment in Capital Assets	1,440,953	1,028,748
Restricted	447,498	422,984
Unrestricted	735,758	773,063
Total Net Position	<u>\$2,624,209</u>	<u>\$2,224,795</u>

See Notes to Financial Statements

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative net amounts for the year ended June 30, 2013)**

	----- Program Revenue -----				Net (Expense) Revenue	
	Expenses	Charges for Services	Operating Grants	Capital Grants	2014	2013
GOVERNMENT OPERATIONS						
Instruction:						
Regular Programs	\$1,856,112	\$7,020	\$4,400		(\$1,844,692)	(\$1,781,566)
Other Programs	913,834	277,369	541,326		(95,139)	(49,616)
Instructional Support:						
Regular Programs	252,006				(252,006)	(260,335)
Other Programs	78,958		4,550		(74,408)	(66,965)
Administration:						
General	147,953				(147,953)	(143,167)
Schools	216,788				(216,788)	(209,443)
Financial	146,140				(146,140)	(154,426)
Operation and Maintenance	470,721			\$441,417	(29,304)	(456,911)
School Food	230,120	40,776	166,901		(22,443)	(26,292)
Extracurricular	120,288				(120,288)	(117,213)
Student Transportation	269,671		67,256		(202,415)	(195,728)
Interest Expense	2,088				(2,088)	
Unallocated Depreciation	64,433				(64,433)	(69,253)
Totals	\$4,769,112	\$325,165	\$784,433	\$441,417	(3,218,097)	(3,530,915)
GENERAL REVENUES						
District Property Taxes					843,028	858,069
State Assistance					2,357,223	2,353,391
County Property Taxes					390,610	344,000
Investment Earnings					3,459	4,978
Gain (Loss) on Sale of Assets						(27,950)
Other Revenue					23,191	14,137
Total General Revenues					3,617,511	3,546,625
GENERAL REVENUES OVER (UNDER) NET EXPENSES					399,414	15,710
Transfer from Student Activity Funds						18,108
CHANGE IN NET POSITION					399,414	33,818
NET POSITION						
Beginning of Year					2,224,795	2,190,977
End of the Year					\$2,624,209	\$2,224,795

See Notes to Financial Statements

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

BALANCE SHEET - GOVERNMENT FUNDS

JUNE 30, 2014

	----- Major Funds -----				
	General Fund	Elementary Miscellaneous Programs Fund	High School Technology Fund	Other Government Funds	Total Government Funds
ASSETS:					
Cash and Investments	\$415,083	\$2,386	\$166,716	\$506,885	\$1,091,070
Property Taxes Receivable	95,611		4,443	26,069	126,123
Due From Other Governments ...		147,250		9,387	156,637
Prepaid Expenditures	28,200				28,200
TOTAL ASSETS	\$538,894	\$149,636	\$171,159	\$542,341	\$1,402,030
LIABILITIES:					
Accounts Payable	\$11,523			\$2,906	\$14,429
TOTAL LIABILITIES	11,523			2,906	14,429
DEFERRED INFLOWS OF RESOURCES:					
Deferred Property Tax Revenue ..	95,611		\$4,443	26,069	126,123
TOTAL DEFERRED INFLOWS OF RESOURCES	95,611		4,443	26,069	126,123
FUND BALANCE:					
Nonspendable	28,200				28,200
Restricted		\$22,497	166,716	408,779	597,992
Committed				38,507	38,507
Assigned	72,802	127,139		66,080	266,021
Unassigned	330,758				330,758
TOTAL FUND BALANCE	431,760	149,636	166,716	513,366	1,261,478
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$538,894	\$149,636	\$171,159	\$542,341	\$1,402,030

See Notes to Financial Statements

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**RECONCILIATION OF THE GOVERNMENT FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

JUNE 30, 2014

Total fund balance as reported on the government funds balance sheet		\$1,261,478
Add capital assets not reported on the government funds balance sheet	\$3,389,778	
Less accumulated depreciation	<u>(1,866,091)</u>	1,523,687
Less liabilities not reported on the government funds balance sheet:		
Notes Payable	(82,734)	
Compensated absences	(164,838)	
Deferred compensation	(26,550)	
Estimated Retiree Health Care Costs	<u>(\$12,957)</u>	(287,079)
Deferred revenues for property taxes recognized as revenue in the government-wide statements		<u>126,123</u>
Net position		<u><u>\$2,624,209</u></u>

See Notes to Financial Statements

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENT FUNDS
JUNE 30, 2014**

	----- Major Funds -----				
	General Fund	Elementary Miscellaneous Programs Fund	High School Technology Fund	Other Government Funds	Total Government Funds
REVENUES:					
District Property Taxes	\$629,951		\$29,692	\$179,388	\$839,031
County Revenues				424,238	424,238
State Revenues	2,388,870	\$717,961	2,735	62,134	3,171,700
On Behalf of Payments:					
Retirement Systems				50,592	50,592
Federal Revenues		170,840		432,857	603,697
School Food Sales				40,776	40,776
Interest Income	1,655		448	1,356	3,459
Other	229	10,747		20,060	31,036
TOTAL REVENUES	3,020,705	899,548	32,875	1,211,401	5,164,529
EXPENDITURES:					
Current Operations:					
Instruction:					
Regular Programs	1,527,356	4,012	4,369	322,179	1,857,916
Other Programs	239,257	364,013		310,564	913,834
Instructional Support:					
Regular Programs	224,084			27,922	252,006
Other Programs	6,786	70,374		1,798	78,958
Administration	445,295			65,586	510,881
Student Transportation	41,822			227,849	269,671
Extracurricular Programs	106,808			11,582	118,390
Operation and Maintenance	436,724			29,456	466,180
School Food	6,655			222,771	229,426
Debt Service - Interest	888			1,200	2,088
Capital Outlays		491,682		74,823	566,505
TOTAL EXPENDITURES	3,035,675	930,081	4,369	1,295,730	5,265,855
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES ..	(14,970)	(30,533)	28,506	(84,329)	(101,326)
OTHER SOURCES (USES) OF FUNDS:					
Transfers In (Out)	(2,048)			2,048	
Note Payable Proceeds				82,734	82,734
CHANGE IN FUND BALANCE	(17,018)	(30,533)	28,506	453	(18,592)
BEGINNING FUND BALANCE	448,778	180,169	138,210	512,913	1,280,070
ENDING FUND BALANCE	\$431,760	\$149,636	\$166,716	\$513,366	\$1,261,478

See Notes to Financial Statements

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2014

Change in fund balances as reported on the government funds statement	(\$18,592)
Increase in property taxes receivable not reflected in revenue in the government funds statement	3,997
Expenses on the government-wide statement not included in the government funds statement:	
Depreciation	(71,566)
Decrease in estimated retiree health care costs	2,926
Increase in compensated absences	(4,639)
Increase in deferred compensation	(10,800)
Increase in notes payable	(82,734)
Expenditures on the government funds statement not reported as expenses on the government-wide statement:	
Capital outlays	566,505
Payments of compensated absences	1,267
Payments of deferred compensation	<u>13,050</u>
Change in net position on the government-wide statement of activity	<u><u>\$399,414</u></u>

See Notes to Financial Statements

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**STATEMENT OF FIDUCIARY NET POSITION AND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

	High School Scholarship and Memorial Fund	Student Activity Fund	Inter-local Fund	Total Fiduciary Funds
FIDUCIARY NET POSITION				
ASSETS:				
Cash	\$336,040	\$109,554		\$445,594
NET POSITION HELD IN TRUST:				
Inter-local Agreement				
Student Activities		109,554		109,554
College Scholarships	336,040			336,040
Total Net Position	\$336,040	\$109,554	\$0	\$445,594
CHANGES IN FIDUCIARY NET POSITION				
ADDITIONS:				
Student Activity Revenue		\$112,632		\$112,632
Contributions	\$7,327			7,327
Investment Earnings	2,175		\$6	2,181
Total Additions	9,502	112,632	6	122,140
DEDUCTIONS:				
Student Activities		115,540		115,540
College Scholarships	12,125			12,125
Support - Other Programs			4,120	4,120
Total Deductions	12,125	115,540	4,120	131,785
CHANGE IN NET POSITION	(2,623)	(2,908)	(4,114)	(9,645)
NET POSITION:				
Beginning of the Year	338,663	112,462	4,114	455,239
End of the Year	\$336,040	\$109,554	\$0	\$445,594

See Notes to Financial Statements

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

All operations of the School are controlled by a Board of Trustees, elected in school-wide elections, and responsible for all of the School's activities. The financial statements include all of the School's operations controlled by the Board of Trustees. Based on the criteria for determining the reporting entity (separate legal entity, elected governing board, and fiscal or financial dependency on other governments), the School is considered to be an independent reporting entity and has no component units.

Under State law, the School consists of two legally separate districts - high school and elementary. The high school district includes all of the area covered by the elementary district plus the Paradise elementary district. The elementary district provides education from kindergarten through the eighth grade and the high school provides education from grades nine through twelve and adult education classes.

Although the districts are accounted for separately, because of differences in funding and legal requirements, the two districts are combined for financial reporting purposes because both districts are managed by a central Board of Trustees and by a central administration appointed by and responsible to the Board. The elementary and high school general funds have been combined and reported as the general fund in the accompanying financial statements.

B. Basis of Presentation and Basis of Accounting

Government-wide Statements - The statement of net position and the statement of activities show information about the overall financial position and activities of the School with the exception of the fiduciary funds. The statement of net position reflects wording and categories as required by the Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The fiduciary funds, which account for the extracurricular activities of the School's students, a college scholarship fund for graduating seniors, and a special education interlocal agreement fund with the Paradise School District are reported as private-purpose trust funds in the fund financial statements section.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the School are generally financed through property taxes, state equalization funding, and federal and state grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met.

The statement of activities present a comparison between direct expenses and program revenues for each function of the School's government activities. Direct expenses are those that are specifically associated with a program or function. The School does not charge indirect expenses to programs or functions.

Notes to Financial Statements - Plains Public Schools 2014 (continued)

Program revenues include fees for services (primarily Medicaid payments and school lunch and breakfast charges) and grants and contributions that are restricted to a particular program. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Fund Financial Statements - These statements provide information about the School's funds, including a separate statement for the School's fiduciary funds. The emphasis of fund financial statements is on major government 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 government funds.

These funds (except the fiduciary funds) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State and other government revenues applicable to the current fiscal year and collected soon after year-end are recognized as revenue. Property tax revenue is reported on the cash basis because most property taxes receivable are delinquent at June 30 and amounts collected soon after year-end are not significant. Deferred property tax revenues are recorded as deferred inflows of resources in the government funds for these receivables. This change from previous years, when deferred property taxes were reported as a liability, results from the School's implementation of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The fiduciary funds use total resources focus and accrual basis of accounting.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in government funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. There was \$566,505 in capital additions and \$82,734 in debt proceeds in 2014.

Under the terms of the School's grant agreements, certain programs are funded by specific cost-reimbursement grants. Generally, the School 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 government funds whose assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures exceed 10% or more of the total for all government funds also be reported as major funds. Accordingly, the School reports the following major government funds:

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

Elementary miscellaneous programs fund - to account for federal and state grants and other miscellaneous revenues not accounted for in other funds.

High school technology fund - to account for state and local revenues for training and the purchase, rent, repair, and maintenance of technology equipment.

Notes to Financial Statements - Plains Public Schools 2014 (continued)

C. Cash and Investments

Except for the extracurricular trust funds, all cash and investments are held by the County Treasurer. Investments are stated at estimated fair value. State law restricts investments to certificates of deposit, repurchase agreements, direct obligations of the United States, and the State of Montana's Short-term Investment Pool (STIP).

D. Inventories and Prepaid Expenses

Inventories are considered to be immaterial and are not recorded.

Expenditures made in the current year for costs attributable to future years are recorded as prepaid expenditures. These expenditures are recognized when used (consumption method).

E. Property Taxes

Most property taxes are levied in August, 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 are maintained and collected by the County Treasurer.

Property taxes receivable at June 30 consist primarily of delinquent property taxes from prior year levies and are offset by deferred property tax revenue in the fund financial statements. The School does not record an allowance for uncollectible taxes because it is considered to be immaterial.

F. Capital Assets

Capital assets are carried at actual or estimated historical cost based on appraisals. Repair and maintenance costs are not capitalized. Major additions and betterments with a cost in excess of \$5,000 are recorded as additions to fixed assets. Land is not depreciated. Other capital assets are depreciated and depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	25 - 50 years
Building Improvements	14 - 43 years
Equipment	8 - 25 years

G. Deferred Compensation Agreements

Deferred compensation consists of payments for health insurance paid directly to the School's health insurance carrier for retired (terminated) employees. The amount, time period, and other eligibility requirements are defined in the certified employees' collective bargaining agreement or individual contracts.

H. Compensated Absences

Vacation pay for certain administrative and classified employees (non-teaching employees) is accumulated at various rates depending on length of service. Sick leave is accumulated for classified employees at the rate of one day per month (or a proportionate equivalent for part-time employees). Employees are eligible for compensation at 25% of the accumulated sick leave amount upon retirement or resignation. Sick leave for certified personnel

Notes to Financial Statements - Plains Public Schools 2014 (continued)

(teachers) is accumulated at a rate of 12 days per year up to a maximum of 50 days. After 10 years of service to the School, teachers are eligible for 50% of accumulated sick leave on termination.

I. Estimated Retiree Health Care Costs

A liability and expense is recorded for the cost of allowing retirees to participate in the School's group health insurance plan at the same level premium as is paid for its active employees. The level premium paid by retirees is lower than what age-rated premiums would cost and the difference is subsidized by other plan premium payers and results in an "implicit rate subsidy". The School pays for all of its health care coverage on a pay-as-you go basis.

J. Deferred Property Tax Revenue

Deferred property tax revenue, categorized as a deferred inflows of resources in the government fund financial statements, consists of property taxes receivable as discussed above.

K. Comparative Totals

The government-wide financial statements include prior-year comparative totals and are not at the level of detail required for a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, these totals should be read in conjunction with the government-wide financial statements for the year ended June 30, 2013, from which they have been derived. Certain amounts have been restated to conform with 2014 classifications.

2. CASH AND INVESTMENTS

The School participates in the Sanders County Treasurer's investment program. All of the School's funds, except for student extracurricular cash and certain endowment fund investments which are invested in a certificate of deposit, are pooled and invested in the County's investment pool. These pooled investments are recorded at cost. Interest earnings from the pooled investments are allocated to the School based on average month-end balances and are distributed monthly. Funds are withdrawn from the investment program as needed to pay warrants.

Some of the high school scholarship and memorial fund principal is invested, through the County Treasurer, in a 25 month certificate of deposit which bears interest at 0.70% and matures March 1, 2015. It is not practical for the School to determine the market risk, investment risk, insurance coverage, or collateral for its share of the County's investments. Information about the Sanders County investment pool can be obtained from the County's financial statements.

The extracurricular fund cash balances are deposited in interest-bearing checking and saving accounts and certificates of deposit covered by FDIC insurance.

3. DUE FROM OTHER GOVERNMENTS

Due from other governments consists of \$147,250 due from the State of Montana's Department of Commerce and \$9,387 due from the State of Montana's Office of Public Instruction.

Notes to Financial Statements - Plains Public Schools 2014 (continued)

4. CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Cost:				
Land	\$54,431			\$54,431
Buildings and Improvements	2,521,250			2,521,250
Equipment	247,592	\$6,861		254,453
Construction In Progress		559,644		559,644
Total	2,823,273	566,505		3,389,778
Accumulated Depreciation:				
Buildings and Improvements	(1,636,718)	(62,202)		(1,698,920)
Equipment	(157,807)	(9,364)		(167,171)
Total	(1,794,525)	(71,566)		(1,866,091)
Net capital assets	<u>\$1,028,748</u>	<u>\$494,939</u>	<u>\$0</u>	<u>\$1,523,687</u>

Construction in progress consists of the cost to date for construction of the Elementary classroom addition.

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

Operation and Maintenance	\$4,541
School Food	694
Extracurricular	1,898
Unallocated, primarily building depreciation	64,433
Total depreciation expense	<u>\$71,566</u>

5. INTERFUND TRANSFERS

The School transferred \$2,048 from the general funds to the compensated absences funds.

6. OPERATING LEASE

In December 2008 the School leased 5 copiers for 60 months with minimum monthly payments of \$2,025 (\$24,300 annually). In January 2014 the School replaced the previous lease with a new 60 month lease. The new lease requires monthly payments of \$1,199 (\$14,388 annually). Total payments on both leases were \$34,161 during fiscal year 2014.

Notes to Financial Statements - Plains Public Schools 2014 (continued)

7. LONG TERM DEBT

Changes in long-term debt were as follows:

	Balance June 30, 2013	Payments	Additions and Other Changes	Balance June 30, 2014	Due Within One Year
Notes Payable			\$82,734	\$82,734	
Deferred Compensation . . .	\$28,800	(\$13,050)	10,800	26,550	\$11,250
Compensated Absences . . .	161,466	(1,267)	4,639	164,838	50,425
Estimated Retiree Health Care Costs	15,883		(2,926)	12,957	
Total	\$206,149	(\$14,317)	\$95,247	\$287,079	\$61,675

In January 2014 the School obtained a loan in the amount of \$242,234 to be drawn as needed for the Elementary classroom construction project.. The note bears interest at a rate of 3.15% and requires annual principal and interest payments of \$14,726 on January 18th in 2016 to 2025 and \$14,501 from 2026 to 2038. The final payment of \$14,042 is due January 18, 2039. Principal amount drawn from on the bank note as of June 30, 2014 was \$82,734. The final principal draw was in October 2014.

The deferred compensation agreements are recorded at face amounts and consist of monthly medical insurance payments at various amounts through August 31, 2018. Payments are made by the affected fund, usually the general fund.

Compensated absence payments can be made by the compensated absences fund or by the affected fund, usually the general fund. Vacation pay is classified as compensated absences due within one year and accrued sick leave is classified as non-current.

8. ESTIMATED RETIREE HEALTH CARE COSTS

The information presented below was as of the tri-annual valuation conducted for fiscal year 2013. The School's health insurance plan is a single employer health insurance plan administered by an insurance company. For retirees to qualify for the School's health insurance plan, an employee must have attained age 50 and have completed 5 years of service (early retirement in accordance with State law). The health insurance plan has one option, a \$1,000 deductible for singles and \$2,000 for families. The annual out-of-pocket maximum is \$2,700 for singles and \$5,400 for families and then the plan covers 80% of eligible medical expenses. The monthly premium cost for medical insurance only is a composite rate of \$725 for 2013, \$690 for 2012, and was \$628 for 2011.

A teacher's post-retirement medical subsidy of \$225 per month toward medical insurance for 48 months is offered by the School. A teacher must have served the School full time for a minimum of 10 years and be eligible for and retiring with the Montana Teachers' Retirement System.

The actuarial valuation was made for the retirees future health care costs as of June 30, 2013. Valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future and estimated amounts are subject to continued revision as actual results are compared with past expectations and new estimates are made

Notes to Financial Statements - Plains Public Schools 2014 (continued)

about the future. Projections of benefits for the plan are based on types of benefits provided under the current plan. The valuation assumes that future retiree plan participation is 50% for employees eligible for a post retirement subsidy and 10% for employees not eligible for a post retirement subsidy.

Assumptions and data used for the determination were as follows:

- Assumed discount rate of 4.5%.
- Assumed inflation rate of 2.5%.
- Percent of married employees based on the married percentage used to develop the composite premium rates. Additionally, the husband and wife are assumed to be the same age.
- Mortality based on currently published mortality tables.
- Estimated age-adjusted premiums in accordance with GASB Statement 45. The School has less than 100 plan participants and thus qualifies to use this simplifying assumption to determine the OPEB liability.
- Health care cost trend rates of 8% for 2012 grading to 5% for 2018 and after.
- Unfunded liability was amortized on a level-dollar amount on a closed basis over a 30 year period.

Calculations reflect a long-term prospective and the methods and assumptions used include techniques that are designed to reduce short-term volatility in the determination of the accrued liability. The projected unit credit cost method was used for the valuation performed at June 30, 2013.

Based on the actuarial valuation, the Accrued Actuarial Liability (AAL) at June 30, 2013 was \$477,497 and the Annual Required Contribution (ARC) for retirees was \$52,616. The ARC is a determined rate that represents a level of funding projected to cover the normal cost each year and amortize the unfunded actuarial liabilities over a period of 30 years. For 2013 when the valuation was made, the AAL was 20.9% of total salaries for 2013 of \$2,285,613. No contributions were made toward these costs. The next determination is required to be done for 2016.

A schedule of funding progress is not presented because there are no plan assets set aside to fund these costs.

The change in Net OPEB obligation is as follows:

Net OPEB Obligation at June 30, 2012	\$24,633
Annual OPEB Costs	52,220
Estimated Annual Employer Contribution	(60,970)
Net OPEB Obligation at June 30, 2013	15,883
Annual OPEB Costs	52,327
Estimated Annual Employer Contribution	(55,253)
Net OPEB Obligation at June 30, 2014	<u>\$12,957</u>

9. GOVERNMENT-WIDE RESTRICTED NET POSITION

State law authorizes certain funds and establishes the criteria for property tax levies for specific purposes. The School classifies the net position of these funds in the government-wide statements as restricted net position.

Notes to Financial Statements - Plains Public Schools 2014 (continued)

These funds and their net positions at June 30, 2014 are as follows:

Elementary District

Retirement	\$77,526
Transportation	57,196
Technology	34,774
Total Elementary	<u>\$169,496</u>

High School District

Technology	\$171,159
Retirement	56,471
Transportation	45,705
Adult Education	4,667
Total High School	<u>278,002</u>
Total	<u><u>\$447,498</u></u>

Generally, the School applies restricted resources first to expenses when both restricted and unrestricted components of net position are available.

High School Scholarship and Memorial Fund - This fund consists of 24 accounts. Seven of these accounts have amounts that are permanently restricted by the donors. All of the non-expendable funds are invested in a certificate of deposit with the county treasurer.

The expendable and non-expendable balances are as follows:

HIGH SCHOOL SCHOLARSHIP AND MEMORIAL FUND

Non-expendable	\$281,574
Expendable	54,466
Total	<u><u>\$336,040</u></u>

10. GOVERNMENT FUND BALANCE REPORTING

Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* requires classifying fund balances into specifically defined classifications. Nonspendable funds consists of prepaid expenditures. Restricted fund balances are reported in the aggregate on the face of the balance sheet. Of the total, the amount that is restricted due to external requirements is \$2,022. The remainder of \$595,970 is restricted by State law.

The School spends restricted amounts first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the School spends committed first, then assigned, and lastly, unassigned funds.

Committed funds must be so designated by the School Board and assigned funds are designated by the Superintendent as authorized by the School Board.

Notes to Financial Statements - Plains Public Schools 2014 (continued)

Nonspendable fund balances consist of:

Prepaid Expenditures	<u><u>\$28,200</u></u>
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Restricted fund balances consist of the following:

Restricted for expenditures related to:

Technology	\$200,783
Retirement	133,997
Transportation	77,911
School Food	73,707
Instruction	41,706
Operation and Maintenance	40,801
Compensated Absences	28,350
Administration	737
Total Restricted Fund Balance	<u><u>\$597,992</u></u>

Committed fund balances consist of:

Committed for expenditures related to:

Technology	<u><u>\$38,507</u></u>
------------------	------------------------

Assigned fund balances consist of the following:

Assigned for Encumbrances:

General Funds	\$72,802
Elementary Miscellaneous Fund	27
Non-Major Funds	14,666
Total Encumbrances	<u>87,495</u>

Assigned for Instruction

87,252

Assigned for Operation and Maintenance

47,432

Assigned for Special Education

43,842

Total Assigned Fund Balance

\$266,021

Unassigned fund balances consist of the following:

General Funds	<u><u>\$330,758</u></u>
---------------------	-------------------------

Total government fund balance as shown on the Balance Sheet -

Government Funds

\$1,261,478

11. RETIREMENT PLANS

The School 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.

Notes to Financial Statements - Plains Public Schools 2014 (continued)

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 for MPERS were increased in 2014 by 1% for employers from 6.8% to 7.8% and for employees hired before July 1, 2011 from 6.9% to 7.9%. There were no changes in the contribution rates for the State and employees hired after July 1, 2011.

The contribution rates for MTRS were increased in 2014 by 1% for employers from 7.47% to 8.47% and for employees from 7.15% to 8.15%. There were no changes in the State contribution rate.

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

	Employer	Employee	State	Total
MTRS	8.47%	8.15%	2.49%	19.11%
MPERS (members hired before 7/1/2011) .	7.80%	7.90%	0.37%	16.07%
MPERS (members hired after 7/1/2011) . . .	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 School and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	2012	2013	2014
MTRS	\$304,990	\$304,685	\$413,055
MPERS	54,033	54,670	59,205
Total	<u>\$359,023</u>	<u>\$359,355</u>	<u>\$472,260</u>

Contributions in 2014 for MTRS includes one time payments of \$62,054 made in October 2013. Montana House Bill 377 approved in the 2013 Legislative session contained a provision requiring school districts to remit excess reserves in the retirement funds to MTRS.

The State's contributions to the plans in 2014 were approximately \$49,197 for MTRS and \$1,394 for MPERS which were reported as on behalf of payments and expenditures in the accompanying financial statements.

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

Montana Teachers Retirement System
P.O. Box 200139
1500 East Sixth Avenue
Helena, Montana 59620-0139
Telephone (406) 444-3134

Montana Public Employees Retirement System
P.O. Box 200131
100 North Park Avenue
Helena, Montana 59620-0131
Telephone (406) 444-3154

12. RISK MANAGEMENT

The School faces a number of risks including loss or damage to property, general and legal liability, and workers compensation. Commercial insurance policies are purchased for loss or damage to property, general liability, and legal liability.

The School participates in two statewide public risk pools, the Montana Schools Group Workers Compensation Risk Retention Program (WCRRP) for its workers compensation coverage, and the Montana Schools Unemployment Insurance Program (MSUIP) for its unemployment insurance. All school district participants are jointly and severally liable for the liabilities of these public risk pools. Audited financial statements are available from WCRRP and MSUIP.

13. SUBSEQUENT EVENTS

In May 2013 the School was awarded a Montana Department of Commerce Quality Schools Grant in the amount of \$1.15 million. The grant will provide the majority of the funding for the School's six classroom addition project. Total project costs are budgeted at \$1,440,000. The other funding sources are \$50,000 in current reserves and a loan from a local bank in the amount of \$240,000. The tentative time line is to put the project out for bids in January 2014 and complete construction by the start of school in August 2014.

As of June 30, 2014 the School has drawn \$441,417 of the grant and \$82,734 of the loan toward the classroom construction project. Construction in progress of \$559,664 has been recorded. The amount of the actual construction contract is \$1,229,487 with \$441,417 completed.

The new classrooms are expected to be in use as of the start of the school year with total completion of the project in October 2014.

Details of the changes in capital assets are shown in Note 4 on page 24 and details of the changes in long-term debt can be found in Note 7 on page 25.

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
BUDGET AND ACTUAL - GENERAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2014

	Elementary General Fund			High School General Fund			Combined Actual
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	
REVENUES AND TRANSFERS							
District Property Taxes	\$334,562	\$335,477	\$915	\$296,971	\$294,474	(\$2,497)	\$629,951
State Payments:							
Equalization	1,200,941	1,200,941		877,706	877,706		2,078,647
Other	180,631	180,631		129,593	129,592	(1)	310,223
Interest Income	1,350	943	(407)	1,136	712	(424)	1,655
Other	75	115	40	106	114	8	229
Total Revenues	1,717,559	1,718,107	548	1,305,512	1,302,598	(2,914)	3,020,705
EXPENDITURES, TRANSFERS, AND ENCUMBRANCES							
Current Operations:							
Instruction:							
Regular Programs		1,021,311			483,896		1,505,207
Other Programs		107,292			131,746		239,038
Instruction Support:							
Regular Programs		109,477			117,907		227,384
Other Programs		2,435			4,351		6,786
Administration:							
Schools		77,318			113,480		190,798
General		68,131			57,798		125,929
Financial		69,953			56,929		126,882
Operation and Maintenance		234,571			214,274		448,845
Extracurricular		19,277			90,694		109,971
School Food		3,338			3,317		6,655
Transportation		9,573			32,249		41,822
Debt Service - Interest		888					888
Transfers		1,623			425		2,048
Total Expenditures, Transfers, and Encumbrances	1,740,200	1,725,187	\$15,013	1,323,572	1,307,066	\$16,506	3,032,253
Excess (Deficiency) of Revenues over Expenditures, Transfers, and Encumbrances	(22,641)	(7,080)		(18,060)	(4,468)		(11,548)
Change in Encumbrances		5,705			(11,175)		(5,470)
Excess (Deficiency) of Revenues over Expenditures and Transfers	(\$22,641)	(\$1,375)		(\$18,060)	(\$15,643)		(\$17,018)

See Notes to Budget and Actual Schedule

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - HIGH SCHOOL TECHNOLOGY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance
REVENUES			
District Property Taxes	\$30,000	\$29,692	(\$308)
State Payments:			
Other	2,735	2,735	
Interest Income	555	448	(107)
Total Revenues	33,290	32,875	(415)
EXPENDITURES			
Current Operations:			
Instruction:			
Regular Programs		4,369	
Other Programs			
Instruction Support:			
Regular Programs			
Other Programs			
Operation and Maintenance			
Capital Outlay			
Total Expenditures	171,500	4,369	\$167,131
Excess (Deficiency) of Revenues over Expenditures	(\$138,210)	\$28,506	

See Notes to Budget and Actual Schedule

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

NOTES TO BUDGET AND ACTUAL SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2014

State law requires the School 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 no budget amendments in 2014.

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 original budget by the fourth Monday in August. State law does not require a budget for the Elementary Miscellaneous Programs Fund.

State law permits the inclusion of obligations (encumbrances) for construction-in-progress and the purchase of personal property as expenditures for budget purposes. Encumbrances for the general funds were \$72,802 in 2014 and \$78,272 in 2013. The high school technology fund had no encumbrances in 2014 or 2013.

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

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Project Title	CFDA Number	Project Number	Grant Award	Expenditures
DEPARTMENT OF AGRICULTURE				
State Administered - Office of Public Instruction				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	N/A	\$20,779
School Lunch Program.	10.555	N/A	N/A	110,655
Food Distribution - Commodities	10.555	N/A	N/A	11,344
Summer Food Service Program	10.559	N/A	N/A	10,212
Total Child Nutrition Cluster				<u>152,990</u>
Fresh Fruit and Vegetable Program	10.582	N/A	N/A	13,236
Total Department of Agriculture				<u>166,226</u>
DEPARTMENT OF EDUCATION				
Federally Administered				
Title VI, Part B, Subpart 1, SRS	84.358A	S358A131277	\$208	208
Title VI, Part B, Subpart 1, SRS	84.358A	S358A131294	13,028	13,028
Total Title VI, Part B, Subpart 1, SRS				<u>13,236</u>
State Administered - Office of Public Instruction				
Title I, Part A Cluster:				
Title I, Part A - Improving Basic Programs	84.010A	45-0803-32-14	244,941	150,601
Special Education Cluster (IDEA):				
IDEA Part B - Children with Disabilities.	84.027	45-0802-77-14	226,492	118,307
IDEA - Preschool	84.173	45-0802-79-14	4,818	2,533
Total Special Education Cluster (IDEA)				<u>120,840</u>
Carl Perkins- Vo Ed	84.048A	45-0803-81-14	13,141	13,141
Title IV, Part B, 21 st CCLC	84.287	45-0802-17-14	50,000	50,000
Title IV, Part B, 21 st CCLC	84.287	45-0815-17-14	21,313	21,313
Total Title IV, Part B, 21 st CCLC				<u>71,313</u>
Title II, Part A, Teacher/Principal Trng/Recruit	84.367A	45-0803-14-14	\$68,340	68,340
Total State Administered				<u>424,235</u>
Total Department of Education				<u>437,471</u>
TOTAL FEDERAL AWARDS				<u>\$603,697</u>

See Notes to Schedule of Expenditure of Federal Awards

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

1. ACCOUNTING POLICIES

The accounting policies used in preparing the schedule of expenditure of federal awards are the same as those used in the preparation of the fund financial statements as described in Note 1.B to the financial statements (Fund Financial Statements) except that school lunch, school breakfast, summer food service, and fresh fruits and vegetables federal reimbursement revenues and food commodities received are also reported as expenditures.

2. 21st CENTURY COMMUNITY LEARNING CENTERS GRANT

Elementary expenditures of \$50,000 reported for the 21st Century Community Learning Centers, CFDA No. 84.287, includes \$23,000 passed through to Thompson Falls Public Schools. Plains Public Schools also receives \$21,313 in funds from Hot Springs Public Schools for the high school 21st Century Community Learning Centers program.

3. TRANSFERS

Expenditures of \$68,340 from Title II, Part A (CFDA 84.367A) were transferred to Title I, Part A (CFDA 84.010A) as permitted by Title VI, Part B of the Elementary and Secondary Education Act (ESEA) as amended by the No Child Left Behind Act.

**PLAINS PUBLIC SCHOOLS,
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**SCHEDULE OF SCHOOL DISTRICT ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	FALL ENROLLMENT OCTOBER 2013			WINTER ENROLLMENT DECEMBER 2013			SPRING ENROLLMENT FEBRUARY 2014		
	School Records	Enroll- ment Report	Variance	School Records	Enroll- ment Report	Variance	School Records	Enroll- ment Report	Variance
Elementary School									
Kindergarten	36	36	0	35	35	0	35	35	0
Grades 1 - 6	202	202	0	201	201	0	203	203	0
Total Elementary	238	238	0	236	236	0	238	238	0
Middle School									
Grades 7 & 8	41	41	0	41	41	0	41	41	0
High School									
Grades 9 - 12	142	142	0	138	138	0	137	137	0
Combined Total	421	421	0	415	415	0	416	416	0
Part Time Enrollment									
Kindergarten (enrolled 360-539 hrs per year) ..	4	4	0	2	2	0	1	1	0
Kindergarten (enrolled 540-719 hrs per year) ..			0			0	1	1	0
Transition 1 st - 6 Grades (enrolled 360-539 hrs per year)	3	3	0	2	2	0	1	1	0
Transition 1 st - 6 Grades (enrolled 540-719 hrs per year)			0	1	1	0	2	2	0
Other Student Counts									
MT Youth Challenge	2	2	0	1	1	0			0

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

EXTRACURRICULAR FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION BY STUDENT ACTIVITY**

FOR THE YEAR ENDED JUNE 30, 2014

Student Activity	Balance June 30, 2013	Revenues	Expenditures	Balance June 30, 2014
Annual	\$4,958	\$8,714	\$10,061	\$3,611
AD Projects Boys	13,072	10,400	9,261	14,211
AD Projects Girls	13,073	10,400	9,261	14,212
Art	1	240		241
Athletics	13,239	13,005	13,767	12,477
Broadcasting - Athletics	250			250
Business Essentials	5			5
Cheerleaders	436			436
Class of 2013	1,766		1,766	
Class of 2014	1,623		1,623	
Class of 2015	1,575	3,656	4,531	700
Class of 2016	2,005	2,806	2,029	2,782
Class of 2017		3,771	2,635	1,136
Counseling Endowment	4,567	1,920	351	6,136
Cross County	4,868	2,000	260	6,608
Diner	389			389
Drama	3,563	5,516	2,821	6,258
Envirothon	732		295	437
Golf	4,140	870	2,786	2,224
JH Activities	373	120	80	413
JMG	4,596	9,187	12,688	1,095
Learning Lab	108	4,202	3,914	396
Music	2,768	1,653	1,199	3,222
Sub-total	<u>\$78,107</u>	<u>\$78,460</u>	<u>\$79,328</u>	<u>\$77,239</u>

(Continued)

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

EXTRACURRICULAR FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION BY STUDENT ACTIVITY**

FOR THE YEAR ENDED JUNE 30, 2014

Student Activity	Balance June 30, 2013	Revenues	Expenditures	Balance June 30, 2014
(Continued)				
Sub-total (from previous page)	\$78,107	\$78,460	\$79,328	\$77,239
National Honor Society	2,861	5,456	6,290	2,027
Post Season Play-off		1,716	1,716	
Projects 4-5-6	311			311
Projects K-7	2,013	2,999	2,725	2,287
PSAT	210	266	210	266
Reading Program	2,993	3,838	4,062	2,769
School Beautification Project	629			629
Select Choir	1,295	521	565	1,251
Shop	1,046	1,481	2,440	87
Softball	16,267	5,859	3,809	18,317
Special Olympics	325			325
Student Council	2,543	3,914	4,127	2,330
Tournament	1,937	3,226	5,163	
Tournament Tip Off	549			549
Wrestling	1,376	4,896	5,105	1,167
Total	<u>\$112,462</u>	<u>\$112,632</u>	<u>\$115,540</u>	<u>\$109,554</u>

**PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA**

**SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

STUDENT ENROLLMENT

The fall enrollment of students attending Plains Public Schools is as follows:

	Year Ended June 30,				
	2010	2011	2012	2013	2014
Grades 9 - 12	149	155	161	149	142
Grades 7 - 8	75	69	81	70	41
Kindergarten - Grade 6	215	210	214	218	238
Pre-Kindergarten	1	3			
Total	<u>440</u>	<u>437</u>	<u>456</u>	<u>437</u>	<u>421</u>
Change in Enrollment	20	(3)	19	(19)	(16)
Percentage Change	5%	(1)%	4%	(4)%	(4)%

SCHOOL DISTRICT TAXABLE VALUATIONS

As of January 1,	ELEMENTARY			HIGH SCHOOL		
	Assessed Value	Taxable Value	As a % of Assessed Value	Assessed Value	Taxable Value	As a % of Assessed Value
2005	\$177,636,073	\$4,357,001	2.45%	\$209,518,912	\$5,206,341	2.48%
2006	\$174,822,600	\$4,218,117	2.41%	\$206,417,786	\$5,070,438	2.46%
2007	\$183,696,103	\$4,449,796	2.42%	\$216,576,742	\$5,342,992	2.47%
2008	\$190,881,041	\$4,699,855	2.46%	\$224,699,609	\$5,585,777	2.49%
2009	\$265,527,538	\$4,799,399	1.81%	\$303,157,653	\$5,750,633	1.90%
2010	\$270,829,926	\$4,862,321	1.80%	\$312,302,025	\$5,903,383	1.89%
2011	\$219,545,723	\$4,901,456	2.23%	\$258,298,874	\$5,916,988	2.29%
2012	\$226,271,947	\$4,858,761	2.15%	\$265,726,699	\$5,868,734	2.21%
2013	\$235,758,941	\$4,891,370	2.07%	\$277,343,586	\$5,933,298	2.14%
2014	\$309,848,635	\$4,754,268	1.53%	\$356,218,017	\$5,826,597	1.64%

SCHOOL DISTRICT TAX LEVIES (in mills)

	Year Ended June 30,					
	2010	2011	2012	2013	2014	20154
High School:						
General	53.08	52.97	51.25	52.20	50.05	50.08
Transportation	10.87	11.26	11.66	12.30	13.72	14.11
Technology	5.22	5.08	5.07	5.11	5.06	5.15
Adult Education	0.30	0.44	0.35	0.15	0.53	0.48
Total	69.47	69.75	68.33	69.76	69.36	69.82
Elementary:						
General	68.19	71.90	68.27	72.37	68.41	70.09
Transportation	19.27	19.99	21.34	20.04	19.75	20.89
Tuition						3.19
Total	87.46	91.89	89.61	92.41	88.16	94.17
Total Tax Levies	156.93	161.64	157.94	162.17	157.52	163.99

MAXIMUM BONDED INDEBTEDNESS

State law permits a maximum bonded indebtedness of 50% of the taxable valuation for each school district. At January 1, 2013, this maximum amounted to \$5,290,433. However, for school districts that qualify for guaranteed tax base aid, the law permits maximum bonded indebtedness equal to 50% of the statewide taxable valuation per student (average number belonging).

Maximum bonded indebtedness under this exception is:

Statewide Taxable Value Per Student	Average Number Belonging June 30, 2013	Percent Allowed	Maximum Bonded Indebtedness	
High School	\$78,680	151	50%	\$5,940,340
Elementary	\$33,140	297	50%	4,921,290
Maximum Bonded Indebtedness Allowed			10,861,630	
Less Notes Payable			(82,734)	
Maximum Bonded Indebtedness Available			\$10,778,896	

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RONALD PAUL FOLTZ
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

Board of Trustees
Plains Public Schools
District Number 1, Sanders County
Plains, Montana

I have audited, in accordance with U.S. generally accepted auditing standards 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 government activities, each major fund, and the aggregate remaining fund information of Plains Public Schools, District No. 1, Sanders County, Plains, Montana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Plains Public Schools' basic financial statements, and have issued my report thereon dated December 5, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit of the financial statements, I considered Plains Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plains Public Schools' internal control. Accordingly, I do not express an opinion on the effectiveness of Plains Public Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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.

I consider item **2014-001** described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Plains Public Schools' financial statements are free from material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

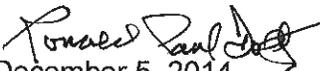
The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

PURPOSE OF THIS REPORT

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

PLAINS PUBLIC SCHOOLS' RESPONSE TO FINDINGS

Plains Public Schools' response to the finding identified in my audit is described on page 48. Plains Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, I express no opinion on it.


December 5, 2014

RONALD PAUL FOLTZ
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE**

Board of Trustees
Plains Public Schools
District Number 1, Sanders County
Plains, Montana

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

I have audited the compliance of Plains Public Schools, District No. 1, Sanders County, Plains, Montana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Plains Public Schools' major federal programs for the year ended June 30, 2014. Plains Public Schools' 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

My responsibility is to express an opinion on compliance for each of Plains Public Schools' major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards; 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 I 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 Plains Public Schools' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Plains Public Schools' compliance.

Opinion on Each Major Federal Program

In my opinion, Plains Public Schools 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 Plains Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Plains Public Schools' 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, I do not express an opinion on the effectiveness of Plains Public School'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 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies.

I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

December 5, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR PLAINS PUBLIC SCHOOLS
DISTRICT NO. 1, SANDERS COUNTY
PLAINS, MONTANA

FOR THE YEAR ENDED JUNE 30, 2013

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 no
Significant deficiencies identified not
considered to be material weaknesses? yes none reported
3. Noncompliance material to the
financial statements noted? yes no

Federal Awards

4. Internal control over major programs:
Material weaknesses identified? yes no
Significant deficiencies identified not
considered to be material weaknesses? yes none reported
5. Type of auditor's report issued on
compliance for major programs: Unmodified opinion
6. Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? yes no
7. Identification of major programs:
U.S. Department Education:
CFDA No. 10.553, 10.555, 10.556, 10.559
CFDA No. 84.010A & 84.389 Child Nutrition Cluster
Title I Part A Cluster
8. Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000
9. Auditee qualified as low-risk auditee? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING - SIGNIFICANT DEFICIENCY:

2014-001 Segregation of Accounting Duties

Ideal segregation of accounting duties is not always possible in an organization with a small staff as is the case with Plains Public Schools.

Accordingly, I recommend the Board continue to monitor Plains Public Schools' activities and transactions.

Prior Audit Findings

12-01 Financial Reporting - Corrected.

12-02 Segregation of Accounting Duties - See comment above.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

Prior Audit Findings

None

December 5, 2014

Federal Audit Clearinghouse
Bureau of the Census
1201 E 10th Street
Jeffersonville, IN 47132

To Whom It May Concern:

This letter is in response to the annual financial and compliance audit recently conducted by Ronald Paul Foltz, CPA for the year ending June 30, 2014.

FINDING – SIGNIFICANT DEFICIENCY: Segregation of Accounting Duties

The Board of Trustees takes its duty seriously and monitors all financial activities very closely. All expenditures are approved during the meetings of the board. The board requires financial reports from its administrative staff that allows the individual trustees to have an understanding of the district's activities and transactions.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS:

FINDING – MATERIAL WEAKNESS: Financial Reporting - **Corrected**

Thank you for your consideration. Should the Plains Public Schools need to provide additional information to your office, please do not hesitate to contact us.

Sincerely,


Virginia Holland
Business Manager/Clerk