

AMSTERDAM SCHOOL DISTRICT NUMBER 75

GALLATIN COUNTY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

AMSTERDAM SCHOOL DISTRICT NUMBER 75

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CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS OF CPA ASSOCIATES INTERNATIONAL, INC.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Amsterdam School District Number 75
Manhattan, 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 Amsterdam School District Number 75 (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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District 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 and budgetary comparison information on pages 4-8 and 29-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of school district enrollment is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

January 15, 2015
Amsterdam School District Number 75
Board of Trustees
Page three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Holmes & Turner

January 15, 2015

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014

The discussion and analysis of Amsterdam School District Number 75's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

Financial Highlights:

Key financial highlights for fiscal year 2014 include:

1. Grant funding through the United Way at \$10,000 was renewed and remains the sole operating money for the Amsterdam afterschool program. A Quality Schools grant request was submitted at the end of the year for funding of a sprinkler system in the 1995/2008 building; the announcement of grant recipients is expected in the spring of 2015.
2. Enrollment for FY 2013-2014 increased from 154 to 164. These figures are as of October, 2012, and October, 2013, respectively. The increase resulted in a Budget Amendment for unexpected increase in enrollment, funded through Direct State Aid and the use of excess reserves. Increased enrollment also meant an increase in transportation fees and student activity revenues. Though we continued to accept out-of-district students of families previously enrolled, no new out-of-district families were admitted.
3. There was minimal staff turnover during 2013-2014. Staff leaving before the school year included the retirement of a long-term tenured teacher and the resignation of another tenured teacher who relocated to another town. One non-tenured teacher was not offered a new contract for 2013-2014. Other classroom teachers, the principal and aides returned to their positions. The aide working with a SPED student went part-time and shared the position with a new aide. The lunch position was job shared between three individuals. The 2nd grade class was split (as it had been as 1st grade in FY13) and the incoming Kindergarten class was also split; therefore, three new teachers were hired. No teachers were offered tenure prior to beginning the FY14 school year.
4. Classroom space was a problem. We had two sections of 2nd grade housed in the main building and our extra classroom in the older building was used for the second Kindergarten class. Special education combined with speech in the older building.
5. The amount of technology in the building continues to increase. At the end of FY14, the school purchased an additional 15 chrome books to be shared throughout the school at all grade levels. These chrome books will increase student access to online academic support in the classrooms as well as help with the Smarter Balanced assessments that will be fully implemented in spring of 2015.
6. The number of Special Education students decreased slightly to 6 and the caseload of speech students increased to 14 (two of whom are also reflected in the SPED number). One high-needs student was accommodated with a full-time aide; the district received a Students with Significant Needs grant to pay a portion of that cost.
7. We split the Kindergarten and 2nd grade for FY14. It was desirable to continue these splits in FY15 but space considerations allowed for only a split of 1st grade at the point of this writing. Enrollment for FY15 is projected to remain constant.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014

Financial Highlights (Continued):

8. No voter permissible levies were sought during this school year. The levy approved in May, 2013, was not utilized, nor will it be utilized in FY15. The Board began the process of planning for expansion. In FY15, a bond issue will be put before the voters.

Using this Annual Financial Report

This annual report consists of a series of financial statements. The government-wide financial statements provide information about the activities of the District as a whole and present a longer-term view of the finances. For governmental activities, fund statements tell how these services were financed in the short term, as well as, what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Overview of the Financial Statements

Government-wide financial statements

One of the most important questions asked about the District's finances is, "is the school district as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the district as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

Fund financial reports provide detailed information about the District's most significant funds – not the government as a whole. Some funds are required to be established by State law. Also, the governing body establishes many other funds to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other money. We utilize the following funds:

Governmental Funds - governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual basis of 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 District's general government operations and the basic services it provides.

Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014

Overview of the Financial Statements (Continued)

Fiduciary Funds - fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds use the accrual basis of accounting. We exclude these activities from the other financial statements because we cannot use these assets to finance our operations. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Government as a Whole

Following are schedules of net position and changes in net position:

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Current and other assets	\$ 334,340	\$ 372,348	\$(38,008)
Capital assets, net	<u>1,474,037</u>	<u>1,430,495</u>	<u>43,542</u>
Total assets	<u>1,808,377</u>	<u>1,802,843</u>	<u>5,534</u>
Other liabilities	12,104	6,278	5,826
Long-term liabilities outstanding	<u>989,623</u>	<u>1,076,762</u>	<u>(87,139)</u>
Total liabilities	<u>1,001,727</u>	<u>1,083,040</u>	<u>(81,313)</u>
Net position			
Net investment in capital assets	499,037	370,495	128,542
Restricted	217,711	203,646	14,065
Unrestricted	<u>89,902</u>	<u>145,662</u>	<u>(55,760)</u>
Total net position	<u>\$ 806,650</u>	<u>\$ 719,803</u>	<u>\$ 86,847</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014

The Government as a Whole (Continued)

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 28,917	\$ 32,676	\$ (3,759)
Operating grants and contributions	73,791	66,639	7,152
General revenues			
Taxes	425,465	410,336	15,129
State sources	674,825	619,842	54,983
County sources	118,645	100,499	18,146
Interest	3,171	2,965	206
Miscellaneous	<u>10,997</u>	<u>13,197</u>	<u>(2,200)</u>
Total revenues	<u>1,335,811</u>	<u>1,246,154</u>	<u>89,657</u>
Expenses:			
Instruction	773,900	730,754	43,146
Support services:			
Student	17,021	14,897	2,124
Instructional staff	28,104	27,641	463
General administration	7,366	5,612	1,754
School administration	120,236	115,737	4,499
Business services	23,978	23,210	768
Operation and maintenance	94,548	92,451	2,097
Student transportation	83,268	71,726	11,542
Food services	26,342	28,204	(1,862)
Community services	10,000	10,312	(312)
Interest on long-term debt	<u>43,920</u>	<u>47,430</u>	<u>(3,510)</u>
Total expenses	<u>1,228,683</u>	<u>1,167,974</u>	<u>60,709</u>
Change in net position	107,128	78,180	28,948
Net position, beginning	719,803	641,623	78,180
Prior period adjustment	<u>(20,281)</u>	<u>-</u>	<u>(20,281)</u>
Net position, ending	<u>\$ 806,650</u>	<u>\$ 719,803</u>	<u>\$ 86,847</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2014

Fund Financial Statements

The fund financial statements provide detailed information about the major (most significant) funds. To be reported as a major fund, total assets, liabilities, revenues, or expenditures of an individual fund must be at least 10% of the corresponding element total (asset, liabilities, etc) for all funds. The general fund is always reported as a major fund. Changes in the fund balances of the major funds are as follows:

Fund balance for the general fund decreased by \$30,267 during the fiscal year.

Fund balance for the debt service fund increased by \$416 over the fiscal year.

Fund balance for the flexibility fund decreased by \$4,400 during the fiscal year.

Fund balance for the building reserve fund increased by \$5,452 during the fiscal year.

Budget to Actual Differences

Actual expenditures for the flexibility fund were \$38,760 less than budgeted. This unspent fund will be carried forward to the subsequent fiscal year as fund balance.

Capital Asset and Debt Administration

The District purchased land in the amount of \$62,459 and incurred costs of \$9,467 in architect fees to plan for a building expansion.

The Government's Future

Enrollment is expected to increase as the District looks forward as there is a possible development of 55 residential lots nearby. Additional aides were hired for the FY15 year to support the large classes that were not split due to space considerations. These positions may become teaching positions if the school is expanded and space for extra classrooms becomes available in the future.

For FY15 the District has increased the principal position to 1.0 FTE. The technology teacher resigned from the teaching portion of her position while retaining the tech support position. The PE and technology teaching positions will be shared by a .9 FTE teacher. The music position will increase from .4 FTE to .5 FTE to meet the needs of our larger classes.

Technology needs will increase slightly due to programs moving to online modes and the need for providing more online data collection as well as having the Smarter Balanced assessment entirely online. The District will continue to update/replace old technology as required.

The District has planned together with Manhattan Christian School to provide Title IA services to them. The District continues to fund a .1 FTE aide at MCS to work with qualifying Title students approximately 1.25 hours per day.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Cash and cash equivalents	\$ 310,465
Receivables:	
Taxes	20,514
Governments	3,361
Capital assets:	
Land and other	108,576
Depreciable capital assets, net	<u>1,365,461</u>
Total assets	<u>1,808,377</u>

LIABILITIES

Accounts payable-vendors	12,104
Long-term liabilities:	
Due within one year:	
Bonds	90,000
Compensated absences	14,623
Due in more than one year:	
Bonds	<u>885,000</u>
Total liabilities	<u>1,001,727</u>

NET POSITION

Net investment in capital assets	499,037
Restricted for:	
Building reserve	84,833
Debt service	16,205
Retirement	26,475
School food service	12
Technology	22,697
Transportation	17,172
Other purposes	50,317
Unrestricted	<u>89,902</u>
Total net position	<u>\$ 806,650</u>

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction	\$ 773,900	\$ 6,144	\$ 73,791	\$ (693,965)
Support services:				
Students	17,021	-	-	(17,021)
Instructional staff	28,104	-	-	(28,104)
General administration	7,366	-	-	(7,366)
School administration	120,236	-	-	(120,236)
Business services	23,978	-	-	(23,978)
Operation and maintenance	94,548	-	-	(94,548)
Student transportation	83,268	3,279	-	(79,989)
Food services	26,342	19,494	-	(6,848)
Community services	10,000	-	-	(10,000)
Interest	43,920	-	-	(43,920)
Total	\$ 1,228,683	\$ 28,917	\$ 73,791	(1,125,975)

General Revenues:

Property taxes	425,465
Intergovernmental:	
County	118,645
State aid	394,296
State other	280,529
Interest	3,171
Miscellaneous	<u>10,997</u>

Total general revenues 1,233,103

Change in net position 107,128

Net position - beginning	719,803
Prior period adjustment	<u>(20,281)</u>
Net position - beginning, as restated	<u>699,522</u>
Net position - ending	<u>\$ 806,650</u>

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Flexibility</u>	<u>Building Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 94,332	\$ 10,369	\$ 48,229	\$ 84,640	\$ 72,895	\$ 310,465
Receivables:						
Taxes	11,356	5,836	-	193	3,129	20,514
Governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,361</u>	<u>3,361</u>
Total assets	<u>\$ 105,688</u>	<u>\$ 16,205</u>	<u>\$ 48,229</u>	<u>\$ 84,833</u>	<u>\$ 79,385</u>	<u>\$ 334,340</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,637	\$ -	\$ 9,467	\$ -	\$ -	\$ 12,104
Total liabilities	<u>2,637</u>	<u>-</u>	<u>9,467</u>	<u>-</u>	<u>-</u>	<u>12,104</u>
Deferred inflows of resources:						
Deferred property taxes	11,356	5,836	-	193	3,129	20,514
Total deferred inflows of resources	<u>11,356</u>	<u>5,836</u>	<u>-</u>	<u>193</u>	<u>3,129</u>	<u>20,514</u>
Fund balances:						
Restricted for:						
Federal, state and local grants	-	-	38,762	-	9,743	48,505
Debt service	-	10,369	-	-	-	10,369
Technology acquisition	-	-	-	-	21,380	21,380
Building repair and renovations	-	-	-	84,640	-	84,640
Student food services	-	-	-	-	12	12
Student transportation	-	-	-	-	17,172	17,172
Retirement payroll taxes	-	-	-	-	26,475	26,475
Assigned to:						
Encumbrances	13,688	-	-	-	1,474	15,162
Unassigned	<u>78,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,007</u>
Total fund balances	<u>91,695</u>	<u>10,369</u>	<u>38,762</u>	<u>84,640</u>	<u>76,256</u>	<u>301,722</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 105,688</u>	<u>\$ 16,205</u>	<u>\$ 48,229</u>	<u>\$ 84,833</u>	<u>\$ 79,385</u>	<u>\$ 334,340</u>

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balance, governmental funds	\$ 301,722
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	1,474,037
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	20,514
Some liabilities, including compensated absences and bonds payable, are not due and payable in the current period and therefore, are not included in the funds.	<u>(989,623)</u>
Net position of governmental activities	<u>\$ 806,650</u>

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	<u>General</u>	Debt <u>Service</u>	<u>Flexibility</u>	Building <u>Reserve</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Property taxes	\$ 212,928	\$ 115,329	\$ -	\$ 4,852	\$ 90,783	\$ 423,892
Intergovernmental:						
County	-	-	-	-	118,645	118,645
State aid	394,296	-	-	-	-	394,296
State other	228,255	13,390	9,024	-	29,860	280,529
Federal	-	-	-	-	73,791	73,791
Charge for services	-	-	-	-	22,773	22,773
Interest	1,217	617	327	600	410	3,171
Individual tuition	6,144	-	-	-	-	6,144
Other district revenue	-	-	-	-	10,997	10,997
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,997</u>	<u>10,997</u>
Total revenues	<u>842,840</u>	<u>129,336</u>	<u>9,351</u>	<u>5,452</u>	<u>347,259</u>	<u>1,334,238</u>
 EXPENDITURES						
Current:						
Instruction	540,128	-	-	-	199,740	739,868
Support services:						
Students	14,596	-	-	-	2,425	17,021
Instructional staff	25,024	-	-	-	2,687	27,711
General administration	6,186	-	-	-	-	6,186
School administration	107,667	-	-	-	11,783	119,450
Business services	21,303	-	-	-	1,889	23,192
Operation and maintenance	84,412	-	-	-	10,033	94,445
Student transportation	-	-	-	-	83,268	83,268
Food services	400	-	4,284	-	21,659	26,343
Community services	-	-	-	-	10,000	10,000
Capital outlay	73,391	-	9,467	-	-	82,858
Debt service:						
Principal	-	85,000	-	-	-	85,000
Interest and other charges	-	43,920	-	-	-	43,920
	<u>-</u>	<u>43,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,920</u>
Total expenditures	<u>873,107</u>	<u>128,920</u>	<u>13,751</u>	<u>-</u>	<u>343,484</u>	<u>1,359,262</u>
Net changes in fund balance	(30,267)	416	(4,400)	5,452	3,775	(25,024)
Fund balances - beginning	<u>121,962</u>	<u>9,953</u>	<u>43,162</u>	<u>79,188</u>	<u>72,481</u>	<u>326,746</u>
Fund balances - ending	<u>\$ 91,695</u>	<u>\$ 10,369</u>	<u>\$ 38,762</u>	<u>\$ 84,640</u>	<u>\$ 76,256</u>	<u>\$ 301,722</u>

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 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

Net change in fund balances - total governmental funds \$ (25,024)

Amounts reported for governmental activities in the statement of activities
 are different because:

Governmental funds report capital outlay expenditures. However, in the statement of
 activities, the cost of those assets is allocated over their estimated useful lives and
 reported as depreciation expense.

This is the amount by which capital outlay (\$82,858) exceeded depreciation (\$39,316)
 in the current period. 43,542

Revenues in the statement of activities that do not provide current financial resources are
 not reported as revenues in the governmental funds. 1,471

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources
 to governmental funds, while the repayment of the principal of long-term debt consumes
 the current financial resources of governmental funds. Neither transaction, however, has
 any effect on net position. The details of these transactions follows:

Repayment of principal on bonds 85,000

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 the governmental
 funds:

Compensated absences 2,139

Change in net position of governmental activities \$ 107,128

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Private Purpose Trust Fund - Extracurricular	Agency Funds
ASSETS		
Cash and cash equivalents	<u>\$ 4,044</u>	<u>\$ 51</u>
Total assets	<u>4,044</u>	<u>\$ 51</u>
 LIABILITIES		
Accounts payable	<u>-</u>	<u>\$ 51</u>
Total liabilities	<u>-</u>	<u>\$ 51</u>
 NET POSITION		
Held in trust	<u>\$ 4,044</u>	

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust Fund - Extracurricular</u>
ADDITIONS	
Student extracurricular activities	\$ 13,424
Interest	<u>34</u>
Total additions	13,458
DEDUCTIONS	
Student extracurricular activities	<u>12,885</u>
Change in net position	573
Net position - beginning	<u>3,471</u>
Net position - ending	<u>\$ 4,044</u>

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the government have been prepared to conform with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The government was established under Montana law to provide educational services below the college and university level to residents of the district. The government consists of a kindergarten through sixth grade district which is managed by a central Board of Trustees, elected in a district-wide election and by a central administration appointed by and responsible to the Board.

The County provides substantial services to the government: tax billing, cash collections, debt payments and warrant redemption. The County also maintains the government's cash and invests available funds at the direction of the government. The County Commissioners have a legal obligation to set levy amounts and to approve the budget adopted by the government. However, despite the degree of services provided, the government does not qualify as a component unit of the County.

These financial statements present, as a single reporting entity, all activities of the primary government. A primary government is defined as having a separately elected governing body, being legally separate, and fiscally independent.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary funds are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges for services which report fees and other charges provided by a given function or identifiable activity, 2) operating grants and contributions, and 3) capital grants. Taxes and other items not properly included among program revenues are reported instead as general revenues.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The flexibility fund is funded by a state grant to be used for the purpose of paying salaries, operating expenses, building expense and purchasing supplies and equipment.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The debt service fund accounts for resources accumulated and payments made for interest and principal on the outstanding bonds.

The building reserve fund accounts for the financing of voter approved building or construction projects funded with district mill levies.

Additionally, the government reports the following fiduciary fund types:

The government has a private-purpose trust fund, the student extracurricular fund, which accounts for the extracurricular student activities.

Agency funds are custodial in nature and are used to account for assets that the government holds for others in an agency capacity.

D. Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

E. Cash and Investments

Cash and investments, including amounts in the extracurricular fund, are held by the County Treasurer. The County Treasurer invests the District's cash at the direction of the government as required by state statute. Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is classified as a 2a7-like pool, and as such, uses amortized cost to report unit values.

Investments in the pool are reported at fair value. Fair value is determined annually, based on year-end market values. Short-term investments are reported at cost, which approximates fair value. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

Most property taxes are levied in September of each fiscal year, based on assessments as of the prior January 1. Real property taxes are billed as of November 1 and are payable in two payments, November 30 and May 31. Unpaid taxes become delinquent on December 1 and June 1. Most personal property taxes are due and payable on January 1 and become delinquent on February 1. Property taxes are maintained and collected by the County Treasurer. No allowance is made for uncollectible taxes as they are not considered significant.

G. Inventories and Prepaid Items

All inventories purchased are recorded as expenditures/expenses at the time of purchase. Inventory at year-end was not material and therefore not recorded. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. sidewalks and similar items), are reported in the government-wide financial statements. The government has elected not to report major infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20 years
Building and improvements	20-50 years
Machinery and equipment	5-20 years

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets have not been capitalized because they meet all of the conditions that qualify them as collections that are not required to be capitalized. These conditions are the collections are held for public exhibition or education in the furtherance of public service, not held for financial gain; the collections are protected, kept unencumbered, cared for, and preserved; and any sale proceeds are expected to be used to acquire other items for the collections.

J. Compensated Absences

Liabilities associated with accumulated vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Classified employees (non-teaching) earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is absorbed by the time off from work, or, with certain limitations, may be payable to the employee upon termination. Sick leave is accumulated for classified employees at the rate of 12 days per year. Certified employees start with 12 days of personal leave per year, prorated for part-time employees, and may accumulate up to a maximum of 30 days. Upon retirement or resignation, classified employees are eligible for sick leave compensation at one fourth of the accumulated amount and certified employees are eligible for sick leave at \$80 per day.

K. Long-term Obligations

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts and issuance costs are expensed.

L. Fund Equity

In the government-wide statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity (Continued)

- Restricted net position— consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other components of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

M. Fund Balance Reporting

The Government Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

1. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact;
2. Restricted – amounts that can only be spent for the specific purposes stipulated by either external parties or through enabling legislation. External parties include creditors, grantors, contributors, or laws and regulations of other governments;
3. Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the district’s highest level of decision-making authority, the school board; this same formal action is needed not only to establish the commitment, but also to modify or rescind it at a future date;
4. Assigned – amounts that are constrained by the district’s intent, through school board approval, to be used for specific purposes, but are neither restricted nor committed; and
5. Unassigned – residual classification for the district’s general fund and includes all spendable amounts not contained in other classifications.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the District’s policy is to first use restricted resources.

N. Estimates

The preparation of 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.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. CASH AND INVESTMENTS

As discussed in Note 1, the government's cash and investments, including amounts in the extracurricular fund, are held by the County Treasurer.

Montana law allows the local governing body to require security for the portion of deposits not guaranteed or insured. Deposit insurance is administered by the FDIC. The County Treasurer has the fiduciary responsibility to ensure that adequate collateral is pledged for all deposits that are not fully covered by the Federal Deposit insurance. Montana code allows the County Treasurer to take collateral up to 50% of deposits if the institution in which the deposit is made has a net worth to total assets ratio of 6% or more and 100% if the ratio is less than 6%. Risk in the event of loss is unclear in state law, but may be the liability of the County government.

The Gallatin County Treasurer manages funds held in the Gallatin County External Investment Pool (Pool). The Pool has not been rated by the Nationally Recognized Statistical Rating Organizations (NRSRO).

Custodial credit risk, interest rate risk and concentration of credit risk classifications of the government's deposits and pooled investments can be obtained from the Gallatin County's audited financial statements which can be obtained from the County by requesting audited financial statements from Gallatin County Finance Department, 311 West Main Street, room 304A, Bozeman, Montana 59715.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 36,650	\$ 62,459	\$ -	\$ 99,109
Planning for building expansion	<u>-</u>	<u>9,467</u>	<u>-</u>	<u>9,467</u>
 Total capital assets not being depreciated	 <u>36,650</u>	 <u>71,926</u>	 <u>-</u>	 <u>108,576</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	1,727,785	-	-	1,727,785
Machinery and equipment	<u>150,763</u>	<u>10,932</u>	<u>-</u>	<u>161,695</u>
 Total capital assets being depreciated	 <u>1,878,548</u>	 <u>10,932</u>	 <u>-</u>	 <u>1,889,480</u>
 Less accumulated depreciation for:				
Buildings and improvements	(444,218)	(31,339)	-	(475,557)
Machinery and equipment	<u>(40,485)</u>	<u>(7,977)</u>	<u>-</u>	<u>(48,462)</u>
 Total accumulated depreciation	 <u>(484,703)</u>	 <u>(39,316)</u>	 <u>-</u>	 <u>(524,019)</u>
 Total capital assets being depreciated, net	 <u>1,393,845</u>	 <u>(28,384)</u>	 <u>-</u>	 <u>1,365,461</u>
 Capital assets, net	 <u>\$ 1,430,495</u>	 <u>\$ 43,542</u>	 <u>\$ -</u>	 <u>\$ 1,474,037</u>

Depreciation expense was charged as follows:

Instruction	\$ 36,172
Instructional Staff	393
General Administration	1,179
School Administration	786
Business Services	<u>786</u>
	 <u>\$ 39,316</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 4. LONG-TERM DEBT

During 1996, the government issued general obligation bonds in the amount of \$493,500 to provide funds for the acquisition and instruction of major capital facilities. The bonds carry interest rates of 4.4% to 7.4%, and mature in 2015. The outstanding balance as of June 30, 2014 was \$40,000.

During 2008, the government issued general obligation bonds in the amount of \$1,181,000 to provide funds for the acquisition and construction of major capital facilities. The bonds carry interest rates of 3.4% to 4.25%, and mature in 2028. The outstanding balance as of June 30, 2014 was \$935,000.

Changes in Long-term Debt

The following is a summary of the changes in long-term debt for the year ended June 30, 2014:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Amount due Within One Year</u>
Bonds payable	\$ 1,060,000	\$ -	\$ 85,000	\$ 975,000	\$ 90,000
Compensated absences	<u>16,762</u>	<u>-</u>	<u>2,139</u>	<u>14,623</u>	<u>14,623</u>
Totals	<u>\$ 1,076,762</u>	<u>\$ -</u>	<u>\$ 87,139</u>	<u>\$ 989,623</u>	<u>\$ 104,623</u>

Debt service requirement to maturity

The approximate annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2014 are as follows:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>
June 30,		
2015	\$ 90,000	\$ 35,859
2016	55,000	32,746
2017	55,000	30,710
2018	55,000	29,450
2019	60,000	27,360
2020-2024	335,000	105,540
2025-2028	<u>325,000</u>	<u>34,038</u>
	<u>\$ 975,000</u>	<u>\$ 295,703</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 5. 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 Teachers' Retirement System (TRS) covers teaching employees, including principals and superintendents. The Public Employees Retirement System (PERS) covers non-teaching employees. The plans are established under State law and are administered by the State of Montana. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

Financial information for the plans is reported in the Public Employees' Retirement Board's published Comprehensive Annual Financial Report for the fiscal year end. It is available from PERD at 100 North Park Avenue, Suite 220, P.O. Box 200131, Helena, MT 59620-0131.

Contribution rates, expressed as a percentage of covered payroll, for the plans are required and determined by State law. The State of Montana contributes to the PERS and TRS plans on behalf of the employer. The State of Montana contributions have not been recorded in the financial statements.

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

	TRS			PRS		
	<u>Years Ended June 30</u>			<u>Years Ended June 30</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Required contribution percentages:						
Employer	8.47%	7.47%	7.47%	7.80%	6.80%	6.80%
Employee	8.15%	7.15%	7.15%	7.90%	6.90%	6.90%
State of Montana	2.49%	2.49%	2.49%	0.37%	0.37%	0.37%
Contribution amounts:						
Employer and employee	\$ 80,177	\$ 76,467	\$ 74,250	\$ 6,588	\$ 5,931	\$ 5,952

NOTE 6. RISK MANAGEMENT

The District is exposed to various risks of loss, including damage to and loss of assets, employee torts, professional liability (i.e. errors and omissions), workers compensation (i.e. employee injuries), medical insurance costs, and environmental damage. A variety of methods is used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for theft, damage or destruction of assets, professional liabilities and employee medical costs.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6. RISK MANAGEMENT (Continued)

The District participates in a state-wide public risk pool, Montana Schools Group Workers' Compensation Risk Retention Program for workers compensation coverage. The District pays a quarterly premium for its employee injury insurance coverage. The agreement for the formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan. Given the lack of coverage available, the government has no coverage for potential losses from environmental damages. Coverage limits and deductibles on the commercial policies have remained relatively constant for the last several years. The District's risk management activities are recorded in the general fund.

NOTE 7. INTERLOCAL COOPERATIVE

The District participates with other school districts located in Gallatin and Madison County in the Gallatin/Madison Educational Related Services Consortium. The Consortium provides special education services to its member schools.

NOTE 8. COMMITMENTS AND CONTINGENCIES

At year-end, the government had commitments outstanding, in the form of purchase orders, of \$15,162, primarily for supplies. These encumbrances are recorded in the general fund in the amount of \$13,688 and in other governmental funds in the amount of \$1,474.

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any to be immaterial.

NOTE 9. PRIOR PERIOD ADJUSTMENTS

In the year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement 65, "Items Previously Reported as Assets and Liabilities." An objective of Statement 65 is to recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources. The implementation of Statement 65 resulted in the reclassification of the beginning net position of the District. The deferred charges for bond issuance costs of \$20,281 were reclassified as expense of prior periods and resulted in the adjustment below.

Net position at June 30, 2013	\$ 719,803
Change in reporting for deferred charges for bond issuance costs	<u>(20,281)</u>
Net position at June 30, 2013, restated	<u>\$ 699,522</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The primary objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by other entities. The District participates in the Montana Retirement System that is administered by the State of Montana. Under this standard, the District will be required to report a net pension liability, pension expense, and pension-related deferred inflows and outflows of resources based on its proportionate share of the collective amounts for all the governments in the Montana Retirement System plan. The District will receive the amounts it will be required to report on its financial statements from the Montana Retirement System beginning in the year ending June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NUMBER 75
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts, Budgetary</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts, GAAP Basis</u>
REVENUES					
Property taxes	\$ 218,665	\$ 218,665	\$ 212,928	\$ -	\$ 212,928
Intergovernmental:					
State aid	376,102	394,296	394,296	-	394,296
State other	228,255	228,255	228,255	-	228,255
Interest	1,143	1,143	1,217	-	1,217
Individual tuition	<u>6,144</u>	<u>6,144</u>	<u>6,144</u>	<u>-</u>	<u>6,144</u>
Total revenues	<u>830,309</u>	<u>848,503</u>	<u>842,840</u>	<u>-</u>	<u>842,840</u>
EXPENDITURES					
Total expenditures	<u>830,309</u>	<u>850,660</u>	<u>850,558</u>	<u>22,549</u>	<u>873,107</u>
Net change in fund balances	-	(2,157)	(7,718)	(22,549)	(30,267)
Fund balances - beginning	<u>85,725</u>	<u>85,725</u>	<u>85,725</u>	<u>36,237</u>	<u>121,962</u>
Fund balances - ending	<u>\$ 85,725</u>	<u>\$ 83,568</u>	<u>\$ 78,007</u>	<u>\$ 13,688</u>	<u>\$ 91,695</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 FLEXIBILITY FUND
 FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Original and Final Budget	Actual
Intergovernmental:		
State other	\$ 9,024	\$ 9,024
Interest	<u>325</u>	<u>327</u>
Total revenues	<u>9,349</u>	<u>9,351</u>
 EXPENDITURES		
Total expenditures	<u>52,511</u>	<u>13,751</u>
Net change in fund balances	(43,162)	(4,400)
Fund balances - beginning	<u>43,162</u>	<u>43,162</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 38,762</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

BUDGET COMPLIANCE

In accordance with Montana Code Annotated, the District's Board annually prepares a budget for certain funds – generally those supported by property tax revenues. Budgets are prepared on the modified accrual basis. State law requires only that a fund's total expenditures not exceed total budgeted expenditures. Budgets may be amended as defined by State law.

The general fund budget is 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 of Trustees approves the original budget by the second 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. Budget to GAAP differences are reconciled on the individual required supplementary schedules.

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NUMBER 75
 SCHEDULE OF SCHOOL DISTRICT ENROLLMENT
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Per Enrollment Reports</u>	<u>Audit Per District Records</u>	<u>Difference</u>
FALL ENROLLMENT			
Kindergarten	25	25	-
Grades one through six	<u>139</u>	<u>139</u>	<u>-</u>
	<u>164</u>	<u>164</u>	<u>-</u>
SPRING ENROLLMENT			
Kindergarten	26	26	-
Grades one through six	<u>140</u>	<u>140</u>	<u>-</u>
	<u>166</u>	<u>166</u>	<u>-</u>



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CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS OF CPA ASSOCIATES INTERNATIONAL, INC.

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
Amsterdam School District Number 75
Manhattan, 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 Amsterdam School District Number 75 (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 January 15, 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 the District's internal control.

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

Our consideration of internal control 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (14-1).

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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. 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 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.

Holmes & Turner

January 15, 2015

AMSTERDAM SCHOOL DISTRICT NUMBER 75
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2014

14-1 Segregation of duties

Smaller entities often have fewer employees, which may limit the extent to which segregation of duties is practicable. However, for key areas, even in a very small entity, it can be practicable to implement some degree of segregation of duties or other form of unsophisticated, but effective controls. Examples of segregation of duties include reporting, reviewing and approving reconciliations, and approval and control of documents.

District's Response

The District has numerous compensating controls in place to help prevent mistakes or fraud. The District could always do more to segregate duties, but this would require additional personnel. The District believes the costs of the additional personnel would outweigh the benefits to provide perfect segregation of duties. Many steps have been recommended in the past by auditors and all those steps have been taken to ensure improved segregation of duties with our current personnel.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2014

	<u>Status</u>
13-1 Segregation of Duties	Repeat finding