

GEYSER SCHOOL DISTRICT NO. 58

**JUDITH BASIN COUNTY
GEYSER, MONTANA**

FINANCIAL AND COMPLIANCE REPORT

Fiscal year Ended June 30, 2014

Strom & Associates, P. C.

**PO BOX 1980
Billings, Montana 59103**

Geyser School District No. 58
Judith Basin County
Geyser, MT 59447

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Geyser School District No. 58
Judith Basin County
Geyser, MT 59447

ORGANIZATION

BOARD OF TRUSTEES

Clayton Annala	Chair
Bruce Belluomini	Vice Chair
Bret Vaskey	Trustee
Charlie Hill	Trustee
Kelsie Croston	Trustee

OFFICIALS

Dale Barnard	Superintendent
Sandy Watkins	District Clerk
Julie Peevey	County Superintendent
Mark Westveer	County Attorney

**MANAGEMENT DISCUSSION AND ANALYSIS
GEYSER PUBLIC SCHOOLS
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

The Superintendent and Clerk of the Geysers Public Schools have provided this management discussion and analysis to give the reader of these statements an overview of the financial position and activities of the school district for the fiscal year covered by this audit report.

FINANCIAL HIGHLIGHTS

Our budgets for 2013-2014 were as follows:

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	'2013-2014
ELEM SCHOOL GENERAL FUND							
Base Budget	356914.39	328305.96	289218.40	286942.48	284844.61	276,877.71	276,877.71
Maximum Budget	439943.79	403783.64	358656.41	369040.37	352868.39	342,708.17	346,890.89
Highest Budget	446953.59	446953.59	407866.03	441366.03	446153.87	446,807.19	460,389.65
Amount Approved by voters	17670.68	28608.43	33500.00	0	9161.63	8620.22	11,198.47
Adopted Budget	446953.59	446953.59	441366.03	441366.03	446153.87	446,807.19	460,389.65
Budget Amendment							2,286.23
Total Budget Authority							462,675.88
HIGH SCHOOL GENERAL FUND							
Base Budget	446414.39	433249.51	396066.77	362811.67	329566.07	363,426.71	375,267.98
Maximum Budget	557114.92	540813.11	491641.43	450391.55	411213.86	453,538.14	468,109.09
Highest Budget	557114.92	540813.11	503630.37	494375.27	495116.88	497,878.42	511,109.36
Amount Approved by voters	22249.98	19113.05	24000.00	0	33987.21	0	0
Adopted Budget	534864.94	540813.11	527630.37	494375.27	495116.88	497,878.42	511,109.36
Budget Amendment							5,850.11
Total Budget Authority							516,959.47

As you can see, by maintaining our budget, we have met or exceeded our maximum budget. The MAXIMUM BUDGET is 100% of the amount that the state has deemed that a school can spend and still have equitable spending with other schools across the state. (80% of this amount is called the BASE BUDGET.) Our voters generously have approved voted levies in the past—that is a measure of support from the community for the school and gives us the clear message that the community wants the school to stay open, even with declining enrollment. This year we did not run a mill levy in our schools because we were unable. When levying our final budgets, the Board of Trustees has tried to keep the total mills for all funds levied approximately equal to the levies from the previous year. Because of this we haven't levied in the full amount in bus depreciation funds; however we had cash from previous years in excess of \$133,000, to purchase a bus if it becomes necessary. Other major funds, such as transportation and debt service have remained approximately the same as the previous year. However, our retirement fund was decimated by the Teachers' Retirement sweep of 15% of our reserves. On an average year, dropping our reserves from 35% to 20% may not have much of an effect, but in a year when we have long-time employees retire, we could easily run out of budget authority and cash.

Our total K-12 enrollment dropped, with ANB at 57 (three-year average), down from 63 students. This year, we graduated six seniors and started three kindergarteners in the fall. Special education expenditures for direct services continued to exceed state minimums—\$54,677 of expenditures compared with \$8,122 mandated by the state. Because of high needs students that require one-on-one instruction by an aide, we don't foresee being able to reduce this special education expenditure. The past couple of years, we have had a tuition fund for a high needs special education students who attended school at Great Falls Public Schools. Our district was responsible for his tuition and transportation. This year, he attended at Geysers, so we did not have tuition fund support for his special needs. In the future, we will be utilizing SB 191 which will allow the district to levy the actual cost of a student's individualized education program through the tuition fund.

The principal on long-term debt (which financed the new gymnasium/classroom addition) is currently \$215,000 on June 30, 2014, of which \$35,000 is the current portion due in FY 2014, and \$180,000 is long-term, due in FY 2015 or later. The bonds were originally sold for \$600,000 in 1999. The bonds were issued at various rates from 5.0% to 5.35%. The district has looked at reissuing the bonds at a lower rate of interest but found that the costs of reissuing the bonds would make it impractical to resell

the bonds for the interest savings that we would realize. Other long-term debt is for Compensated Absences, which was calculated to be \$60,000 on June 30, 2014. This is the amount that would have been necessary to "pay off" the vacation and sick leave on all employees at June 30, 2014.

We computed our OPEB (Other Post-Employment Benefits) and have attached summary sheets showing this liability, although we feel that the benefit is immaterial and will not be paid at any time. The only guarantee of health insurance that we make to our employees is to pay twelve months of health insurance, which corresponds to twelve months of pay for each year they receive a contract and successfully complete the contract. In no case do we guarantee future health insurance benefits to our employees. For purposes of this calculation, we assumed a present value discount rate of 5.5% and an estimated payroll growth of 2%. In all cases, we assumed an annual district contribution of \$7380/per employee (\$545/month). Using these parameters, which are subject to much speculation, we calculated an annual required contribution of \$27,348 to cover our OPEB liability. Because it is immaterial and will never be paid by us, we will not recognize it in our long-term liabilities.

Our Title I, Part A funding was \$34,158; federal REAP (Application for Small, Rural School Achievement Program) funding for the elementary and high school was \$41,800. Other high school received State Career and Vo-ed at a total of approximately \$2100. We were not eligible for Carl Perkins money since we are teaching Vo-Ed by correspondence courses. Our Title I, A, money was used to pay salaries of a part-time teacher and two aides providing direct instruction to students qualifying for Title IA. The REAP money was used for technology purchases and professional development, and the other money was used in the shop and business programs.

Our collective bargaining unit negotiated a base salary of \$25,400 for 2013-2014 (this is the amount that would be paid to a teacher with no experience and no credits beyond a bachelor's degree). The Board agreed to pay a bonus of \$1500 in May to each teacher that successfully completed the year, based on their percentage of service. This money is to be provided from the general funds, if the money is available, otherwise from the settlement received from the Eugene Armont Estate and held by Geyser Education Foundation, Inc. This year, we made the payment from the general fund. The insurance benefit was \$545/month per employee. The classified staff received 3% raises, with a few exceptions for employees that had reached the maximum for their position. The aides negotiated a salary schedule agreement which not only rewards years of service, but also factors in raises for additional training.

As in the past, we combined grades Kindergarten through Third grade to accommodate one classroom/one teacher for this group. Our guidance counselor position is held by a certified counselor. We paid 50% of her schooling to obtain this endorsement and she is required to work for us for three years of pay back a portion of the school costs. Our librarian is not does not have a library endorsement, so we also contracted with her to obtain her endorsement. We are paying 50% of her school costs.

This year, we participated in a sports cooperative with Stanford and Denton and shared the costs of coaches, travel, and fees. We hosted the spring sports in the Coop this year (we issued contracts and paid all the track coaches and track expenses, along with major expenses of the Coop for other sports which were shared one third each—this included items such as medical trainer, uniforms, and travel expenses to participate in basketball and football playoffs.

Compass Wind completed building a wind farm west of Geyser. The entire project is in the Geyser School District. Phase I of twenty five wind towers was completed in October, 2013. Judith Basin County approved a phase-in tax variance for the project, but eventually this will be an important and major source of revenue for Geyser School. Unfortunately, when permanent employees were hired to staff the wind farm, they did not move into our community.

This year, to comply with GASB 54, we are required to allocate our Fund Balance. In the past, our Fund Balances were either reserved in inventories and encumbrances, or unreserved. Our Board is in the process of determining the components of our fund balances: nonspendable, restricted, committed, assigned, or unassigned. At this time, we have no **Nonspendable Fund Balances**. We have no **Restricted Fund Balances**, those with externally enforceable limitation on use, except our Bus Depreciation Fund Balances of \$68,764 (Elem) and \$64,358 (High). We do have any **Committed Fund Balances** this year. All of our other Fund Balances are **Assigned**, except the General Funds where the **Fund Balances are Unassigned**.

The number one problem faced by Geyser Public Schools is declining enrollment! Unless something changes this dynamic, we will continue to operate with more taxpayer support and less state support. This year, we continued our innovative advertising campaign to increase enrollment. We conducted advertising campaigns in two local radio stations and on TV. We also hired a consultant to get our school website updated and as user friendly as possible. Through monitoring, we were able to measure the response to our website, and determined that we had a lot of interest in our school. Although it is hard to quantify why our enrollment increased, when school started in the fall of 2014, enrollment was up by twelve students. This is good news, a trend we hope continues. As long as our taxpayers are willing to shoulder the burden, and the legislature doesn't mandate our closure, Geyser School will continue to operate.

USING THIS FINANCIAL REPORT

The general format of this report is required by Statement No. 34 of the Governmental Accounting Standards Board (GASB). Components and purposes of the report are explained below.

Reporting the School District as a Whole

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

- A. The Statement of Net Position shows the “assets”, “liabilities, and the “net position” of the school district. The statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in “fixed” or “capital” assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.
- B. The Statement of Activities shows the amounts of program-specific and general school district revenues used to support the school district’s various functions.

The Statement of Net Position and the Statement of Activities divide the activities of the school district into three categories:

Governmental activities—The school functions, including instruction, student services, administration, etc. Property taxes, state and federal revenues usually support most of these functions of the district.

Proprietary (business-type) activities—the school has none of these.

Component Units—the school has none of these.

Reporting the District’s Most Significant Funds

The fund statements provide detailed information about the funds used by the school district. State law and Generally Accepted Accounting Principles (GAAP) establish the fund structure of school districts. State law generally requires school district to segregate money generated for certain specific purposes, like transportation and debt service, in separate fund accounts.

The fund statements report balances and activities of the most significant, or “major” funds separately and combine the activities of less significant funds under a single category. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the school district’s operations, and the existence of legal budget requirements.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are shown for governmental funds, such as the general fund, special revenue funds for transportation and school food service, and debt service and capital outlay funds. These funds use the modified accrual basis of accounting and represent the majority of the district’s activities and programs.

Fund statements include a reconciliation of the governmental fund statements to the district-wide statements. Most significant differences result from the use of different presentation bases. The district-wide statements are presented using the accrual basis of accounting and the fund statements for governmental funds use the modified accrual basis. In addition, general capital assets and general long-term debt are reported in the district-wide statements but not in the fund statements.

Reporting the District’s Trust and Fiduciary Responsibilities

The district is the trustee, or fiduciary for student extracurricular funds. This report includes the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position because the district cannot use these assets to fund its operations. The district is responsible for ensuring these assets are used for their intended purpose.

Budget-to-Actual Comparisons

The budgetary comparison schedules show how actual expenditures compared to the original and final budget expenditures for the general fund.

CONTACT FOR FURTHER INFORMATION

If you are interested in more information on these financial statements, please contact school administration; Supt. Dale Bernard, or Clerk, Sandy Watkins, at P.O. Box 70; Geyser, MT 59447, or by calling 406-735-4368.

Management Discussion and Analysis Comparison Schedules

NET POSITION	Governmental Activities			
	<u>2014</u>	<u>2013</u>	<u>CHANGE</u>	<u>% CHANGE</u>
Current Assets	\$ 606,592	\$ 554,895	\$ 51,697	9.32%
Capital Assets, net	966,335	1,013,146	(46,811)	-4.62%
Total Assets	1,572,927	1,568,041	4,886	0.31%
Current Liabilities	22,471	12,397	10,074	81.26%
Long Term Liabilities	389,779	399,249	(9,470)	-2.37%
Total Liabilities	412,250	411,646	604	0.15%
Net Position:				
Net Investment in Capital Assets	751,335	763,146	(11,811)	-1.55%
Restricted	401,952	372,915	29,037	7.79%
Unrestricted	7,390	20,334	(12,944)	-63.66%
Total Net Position	1,160,677	1,156,395	4,282	0.37%

CHANGES IN NET POSITION	Governmental Activities			
	<u>2014</u>	<u>2013</u>	<u>CHANGE</u>	<u>% CHANGE</u>
Revenues				
Program Revenues:				
Charges for Services	20,377	22,184	(1,807)	-8.15%
Operating Grants	259,234	154,973	104,261	67.28%
General Revenues:				
District Levies	635,925	592,516	43,409	7.33%
State Equalization	332,877	321,411	11,466	3.57%
Other State Revenues	60,736	146,449	(85,713)	-58.53%
County	115,535	98,024	17,511	17.86%
Interest	1,043	1,433	(390)	-27.22%
Other	24,638	61,489	(36,851)	-59.93%
Total Revenues	1,450,365	1,398,479	51,886	3.71%
Program Expenses				
Instructional Services	695,361	678,814	16,547	2.44%
Support Services	29,994	31,694	(1,700)	-5.36%
Educational Media Services	38,085	42,268	(4,183)	-9.90%
General Administrative Services	219,771	228,390	(8,619)	-3.77%
Operation & Maintenance Services	180,742	194,650	(13,908)	-7.15%
Transportation Services	119,082	69,813	49,269	70.57%
School Food Services	88,378	75,526	12,852	17.02%
Extracurricular	59,532	73,902	(14,370)	-19.44%
Other Current Charges	1,278	800	478	59.75%
Other Post-Employment				
Benefits	-	27,348	(27,348)	-100.00%
Interest and other charges	13,860	15,690	(1,830)	-11.66%
Loss on Asset	-	1,372	(1,372)	-100.00%
Total Expenses	1,446,083	1,440,267	5,816	0.40%
Change in Net Position	4,282	(41,788)	46,070	

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Geyser School District No. 58
Judith Basin County
Geyser, MT 59447

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 Geyser School District No. 58 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Geyser School District No. 58 as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 6) and the schedule of funding for other post-employment benefits other than pensions (pages 28) and budgetary comparison information (pages 29 - 34) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Geysers School District No. 58's basic financial statements. The accompanying schedule of revenues, expenses and balances student activity funds (page 35) and schedule of reported enrollment (page 36) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of revenues, expenses and balances student activity funds and schedule of reported enrollment are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of revenues, expenses and balances student activity funds and schedule of reported enrollment are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2015 on our consideration of Geysers School District No. 58 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 Geysers School District No. 58 internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC
Billings, Montana
April 16, 2015

STATEMENT OF NET POSITION
 as of June 30, 2014

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 563,015
Taxes Receivable	4,535
Due From Other Governments	<u>39,042</u>
Total Current Assets	<u>606,592</u>
Noncurrent Assets:	
Capital Assets:	
Net Depreciable Assets	<u>966,335</u>
Total Noncurrent Assets	<u>966,335</u>
Total Assets	<u>\$ 1,572,927</u>
LIABILITIES:	
Current Liabilities	
Advances from Grantors	522
Current Portions Compensated Absences	<u>21,949</u>
Total Current Liabilities	<u>22,471</u>
Noncurrent Liabilities:	
Long-Term Obligations	136,740
Compensated Absences	38,039
Long-Term Capital Obligations	<u>215,000</u>
Total Noncurrent Liabilities	<u>389,779</u>
Total Liabilities	<u>412,250</u>
NET POSITION:	
Net investment in capital assets	751,335
Restricted	401,952
Unrestricted (Deficit)	<u>7,390</u>
Total Net Position	<u>1,160,677</u>
Total Liabilities and Net Position	<u>\$ 1,572,927</u>

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

STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2014

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charge for Services	Operating	Governmental Activities
			Grants and Contributions	
GOVERNMENT OPERATIONS				
Instructional Services	\$ 695,361	\$ 410	\$ 168,935	\$ (526,016)
Support Services	29,994	-	-	(29,994)
Educational Media Services	38,085	-	1,689	(36,396)
General Administrative Services	219,771	-	1,025	(218,746)
Operation & Maintenance Services	180,742	10,531	-	(170,211)
Transportation Services	119,082	-	48,962	(70,120)
School Food Services	88,378	9,436	38,623	(40,319)
Extracurricular	59,532	-	-	(59,532)
Other Current Charges	1,278	-	-	(1,278)
Interest and other charges	13,860	-	-	(13,860)
Total Governmental Activities	<u>1,446,083</u>	<u>20,377</u>	<u>259,234</u>	<u>(1,166,472)</u>
GENERAL REVENUES				
District Levies				635,925
State Equalization				332,877
Other State Revenues				60,736
County				115,535
Interest				1,043
Other				<u>24,638</u>
Total General Revenues				<u>1,170,754</u>
Change in Net Position				4,282
Net Position				
Beginning of the Year				<u>1,156,395</u>
End of the Year				<u>\$ 1,160,677</u>

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

BALANCE SHEET
 GOVERNMENTAL FUNDS
 as of June 30, 2014

	MAJOR				
	General	Bus Depreciation (Elem.)	Retirement (Elem.)	Miscellaneous Programs (Elem.)	Debt Service (Elem.)
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 199,789	\$ 68,650	\$ -	\$ 81,526	\$ -
Taxes Receivable	3,451	134	-	-	111
Receivable From Other Funds	6,849	-	-	-	-
Due From Other Governments	-	-	21,161	531	-
Total Assets	\$ 210,089	\$ 68,784	\$ 21,161	\$ 82,057	\$ 111
LIABILITIES:					
Current Liabilities					
Payable to Other Funds	-	-	-	-	5,615
Advances from Grantors	-	-	-	522	-
Cash Overdraft	-	-	2,643	-	356
Total Liabilities	-	-	2,643	522	5,971
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes Receivable	3,451	134	-	-	111
Total Deferred Inflows of resources	3,451	134	-	-	111
FUND BALANCE:					
Fund Balances:					
Restricted	-	68,650	18,518	81,535	-
Unassigned:	206,638	-	-	-	(5,971)
Total Fund Balance	206,638	68,650	18,518	81,535	(5,971)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 210,089	\$ 68,784	\$ 21,161	\$ 82,057	\$ 111

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

BALANCE SHEET
 GOVERNMENTAL FUNDS
 as of June 30, 2014

	MAJOR				
	Bus Depreciation (HS)	Retirement (HS)	Miscellaneous Programs (HS)	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 64,337	\$ -	\$ 94,311	\$ 59,820	\$ 568,433
Taxes Receivable	111	-	-	728	4,535
Receivable From Other Funds	-	-	-	-	6,849
Due From Other Governments	-	17,350	-	-	39,042
Total Assets	\$ 64,448	\$ 17,350	\$ 94,311	\$ 60,548	\$ 618,859
LIABILITIES:					
Current Liabilities					
Payable to Other Funds	-	-	-	1,234	6,849
Advances from Grantors	-	-	-	-	522
Cash Overdraft	-	2,419	-	-	5,418
Total Liabilities	-	2,419	-	1,234	12,789
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes Receivable	111	-	-	728	4,535
Total Deferred Inflows of resources	111	-	-	728	4,535
FUND BALANCE:					
Fund Balances:					
Restricted	64,337	14,931	94,311	58,586	400,868
Unassigned:	-	-	-	-	200,667
Total Fund Balance	64,337	14,931	94,311	58,586	601,535
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 64,448	\$ 17,350	\$ 94,311	\$ 60,548	\$ 618,859

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance reported above	\$ 601,535
Governmental Capital Assets	966,335
Long-term Liabilities	
Long-Term Obligations	(136,740)
Compensated Absences	(59,988)
Long-Term Capital Obligations	(215,000)
Unavailable Property Taxes Receivable	4,535
Net Position of Governmental Activities	\$ 1,160,677

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2014

	MAJOR				
	General	Bus Depreciation (Elem.)	Retirement (Elem.)	Miscellaneous Programs (Elem.)	Debt Service (Elem.)
REVENUES:					
District Levies	\$ 484,023	\$ 19,212	\$ -	\$ -	\$ 20,805
Interest	443	137	-	143	-
Charges for Services	-	-	-	-	-
Other	-	-	-	15,120	-
County	-	-	63,484	-	-
State	482,300	-	-	-	-
Federal	-	-	-	53,139	-
Total Revenues	<u>966,766</u>	<u>19,349</u>	<u>63,484</u>	<u>68,402</u>	<u>20,805</u>
EXPENDITURES:					
Current					
Instructional Services	490,273	-	46,651	50,593	-
Support Services	27,247	-	996	-	-
Educational Media Services	27,971	-	1,910	1,689	-
General Administrative Services	178,112	-	7,111	1,025	-
Operation & Maintenance Services	164,840	-	3,110	102	-
Transportation Services	30	-	3,207	-	-
School Food Services	34,265	-	4,193	-	-
Extracurricular	50,589	-	1,183	-	-
Other Current Charges	-	-	-	878	-
Total Current Outlays	<u>973,327</u>	<u>-</u>	<u>68,361</u>	<u>54,287</u>	<u>-</u>
Debt Service					
Principal	-	-	-	-	15,000
Interest and other charges	-	-	-	-	6,930
Capital Outlay	3,600	-	-	-	-
Total Expenditures	<u>976,927</u>	<u>-</u>	<u>68,361</u>	<u>54,287</u>	<u>21,930</u>
NET CHANGES IN FUND BALANCES	<u>(10,161)</u>	<u>19,349</u>	<u>(4,877)</u>	<u>14,115</u>	<u>(1,125)</u>
FUND BALANCE:					
Beginning of the Year	181,491	49,301	23,395	67,420	(4,846)
Prior Period Adjustments	35,308	-	-	-	-
End of the Year	<u>\$ 206,638</u>	<u>\$ 68,650</u>	<u>\$ 18,518</u>	<u>\$ 81,535</u>	<u>\$ (5,971)</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	MAJOR				Total Governmental Funds
	Bus Depreciation (HS)	Retirement (HS)	Miscellaneous Programs (HS)	Other Governmental Funds	
REVENUES:					
District Levies	\$ 15,515	\$ -	\$ -	\$ 96,384	\$ 635,939
Interest	123	-	179	18	1,043
Charges for Services	-	-	-	20,377	20,377
Other	-	-	9,168	350	24,638
County	-	52,051	-	24,481	140,016
State	-	-	2,141	27,977	512,418
Federal	-	-	24,480	38,329	115,948
Total Revenues	<u>15,638</u>	<u>52,051</u>	<u>35,968</u>	<u>207,916</u>	<u>1,450,379</u>
EXPENDITURES:					
Current					
Instructional Services	-	31,832	20,085	3,330	642,764
Support Services	-	1,661	90	-	29,994
Educational Media Services	-	1,647	4,868	-	38,085
General Administrative Services	-	10,175	-	14,766	211,189
Operation & Maintenance Services	-	4,006	2,753	6,576	181,387
Transportation Services	-	3,479	-	89,726	96,442
School Food Services	-	-	-	48,151	86,609
Extracurricular	-	4,209	800	457	57,238
Other Current Charges	-	-	400	-	1,278
Total Current Outlays	<u>-</u>	<u>57,009</u>	<u>28,996</u>	<u>163,006</u>	<u>1,344,986</u>
Debt Service					
Principal	-	-	-	20,000	35,000
Interest and other charges	-	-	-	6,930	13,860
Capital Outlay	-	-	-	-	3,600
Total Expenditures	<u>-</u>	<u>57,009</u>	<u>28,996</u>	<u>189,936</u>	<u>1,397,446</u>
NET CHANGES IN FUND BALANCES	<u>15,638</u>	<u>(4,958)</u>	<u>6,972</u>	<u>17,980</u>	<u>52,933</u>
FUND BALANCE:					
Beginning of the Year	48,699	19,889	87,339	75,914	548,602
Prior Period Adjustments	-	-	-	(35,308)	-
End of the Year	<u>\$ 64,337</u>	<u>\$ 14,931</u>	<u>\$ 94,311</u>	<u>\$ 58,586</u>	<u>\$ 601,535</u>

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

Geyser School District No. 58
Judith Basin County
Geyser, Montana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Net Changes in Fund Balance	\$	52,933	
Revenues on the Statement of Activity not included in governmental funds statement:			
Increase (decrease) in taxes receivable		(14)	
Expenses on the Statement of Activity not included in the governmental funds statement:			
Depreciation Expense	(50,411)		
(Increase) decrease in Other Post Employment Benefits	(27,348)		
(Increase) decrease in compensated absence liability	<u>(9,478)</u>	(87,237)	
Expenditures reported in the governmental funds statement not included in the Statement of Activity			
Capital outlays	3,600		
Principal payments on bonds	<u>35,000</u>	<u>38,600</u>	
Change in net position reported on the Statement of Activity	\$	<u>4,282</u>	

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

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

	Private Purpose	
	Trust Funds	Agency Funds
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 11,727	\$ 62,506
Accounts Receivable	-	95
Total Assets	<u>11,727</u>	<u>62,601</u>
LIABILITIES:		
Current Liabilities		
Warrants Payable		62,506
Other Current Liabilities	-	95
Total Liabilities	<u>-</u>	<u>62,601</u>
NET POSITION:		
Restricted for Student Activities	<u>11,727</u>	
Total Net Position	<u>\$ 11,727</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2014

	Private Purpose
	Trust Funds
ADDITIONS:	
Revenues from Student Activities	\$ 30,668
Total Additions	<u>30,668</u>
DEDUCTIONS:	
Expenses of Student Activities	<u>27,126</u>
Total Deductions	<u>27,126</u>
CHANGE IN NET POSITION	3,542
NET POSITION:	
Beginning of the Year	<u>8,185</u>
End of the Year	<u>\$ 11,727</u>

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

GEYSER SCHOOL DISTRICT NO. 58

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

The basic financial statements of Geysers School District No. 58 (School District) have been prepared on a prescribed basis of accounting that demonstrates compliance with the accounting and budget laws of the State of Montana, which conforms to generally accepted accounting principles (GAAP). The School District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

During fiscal year 2014 the School District adopted the following:

- GASB Statement No. 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The amendment revised existing guidance for financial report of pension systems for state and local government. The statement is applicable for fiscal year 2014. This statement affects the applicable retirement plan administration at the State level and did not have any effect on the School District.
- GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees. The statement is applicable for fiscal year 2014. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The School District has not extend any financial guarantees to other parties. This statement has no effect on the financial statements.

The following are a listing of GASB statements which have been issued and the School District assessment of effects to the financial statements.

- GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement revises and establishes new financial reporting requirement that provide employees with pension benefits. The statement is effective for fiscal year 2015. This statement will require the School District to expand its pension foot note disclosures. The School District plans to implement this in fiscal year 2015 after the State of Montana provides the required information for reporting and disclosure.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations. The statement is applicable for fiscal year 2015. The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The School District is not merging with another School District or ceasing to exist. This statement has no effect on the financial statements.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. This statement amends paragraph 137 of statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The School District plans to implement this in fiscal year 2015 after the State of Montana provides the required information for reporting and disclosure.

The School District consists of two legally separate entities, an elementary district which provides education for kindergarten through eighth grade and a high school district which provides education for ninth through twelfth grade. For financial reporting purposes the two School Districts are combined because they are controlled by the same central board of trustees and managed by the same administration. The board of trustees is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. GAAP requires only one general fund for each reporting entity so the elementary and high school general funds are combined in the accompanying financial statements.

The Geysers School District No. 58 was incorporated under the laws of the State of Montana and as required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Geysers School District No. 58 (the primary government) and any component units. The criteria for including organizations as component units within the School District's reporting entity is set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) "Codification of Government Accounting and Financial Reporting Standards." The basic criteria include appointing a voting majority of an organization's governing body, as well as the School District's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the School District. Based on those criteria the School District has no component units.

1. b. BASIS OF PRESENTATION AND ACCOUNTING
1. b. 1 GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. The governmental activities column incorporates data from governmental funds (primary government). Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

GEYSER SCHOOL DISTRICT NO. 58

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

The government-wide financial statements report using the economic resource measurement focus and the accrual basis of accounting generally including the elimination of internal activity between or within funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. Expenses which are not directly related to a function, indirect expenses, are not charges to a function. Program revenues include:

- Charges for services such as school lunch fees, adult education fees and driver's education fees.
- Operating grants that are restricted to a particular functional program.

Property taxes, investment earnings, state equalization payments, and other revenue sources not properly included with program revenue are reported as general revenues.

1. b. 2 FUND ACCOUNTING

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The student activity funds are displayed as fiduciary funds. Since the resources in the fiduciary funds cannot be used for School District operations, they are not included in the entity-wide statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statement of these funds present net increases and decreases in current assets. Revenues are recorded when they are both measurable and available. Available means collectible within the current period anything collected after June 30 are generally not material. Unavailable income are recorded in governmental funds for delinquent taxes. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt and compensated absence payments which are recognized when due. Capital assets are functional expenditures in governmental funds.

Revenues from local sources consist primarily of property taxes. Property tax revenue and revenues received from the State of Montana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Cost reimbursement grant funds are considered to be both measurable and available to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received and the expenditure has not been incurred they are recorded as unearned grant revenues because the revenues are available. All other revenue items are considered to be measurable and available only when cash is received by the government.

Trust and agency fund financial statements report using the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

GASB Statement No. 34 requires the general fund be reported as a major fund and that only one general fund be reported so the elementary and high school general funds have been combined as one major fund. Other individual governmental funds should be reported in separate columns as major funds based on these criteria:

- Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental funds).

In addition to funds that meet the major fund criteria, any other governmental fund that government officials believe is particularly important to financial statement users may be reported as a major fund.

The School District reports the following major governmental funds:

GEYSER SCHOOL DISTRICT NO. 58

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

- General Fund – The General Fund is the general operating fund of the School District and accounts for all revenues and expenditures of the School District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. In the governmental fund financial statements the general fund also includes the activities of the flexibility funds since the restrictions on those funds are similar to the general fund.
- Elementary and High School Bus Depreciation Funds – These funds are used to account for financing the replacement of yellow school buses and two-way radio equipment owned by a school. Deposits made to the fund are limited by depreciation percentages of current buses and two-way radio equipment owned by the School District.
- Elementary and High School Retirement Funds – These funds are used to account for financing the employer's contribution to the Teachers' Retirement System (TRS), the Public Employees' Retirement System (PERS), Unemployment Compensation, Social Security and Medicare benefits for School District employees. County wide levies to this fund are to be based upon projected salaries for the fiscal year.
- Elementary and High School Miscellaneous Funds – These funds are used to account for local, state or federal grants and reimbursements. Donations that allow the expenditure of both principal and interest for support of School District programs are deposited in this fund.
- Elementary Debt Service Fund – This fund is used to account for the financing needs of the School District to pay interest and principal on outstanding bonds and special improvement School District (SID) assessments.

1. b. 3 OTHER FUND TYPES

Private-Purpose Trust Funds – Accounts for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the School District's Board of Trustees. This accounting reflects the School District's trust relationship with the student activity organizations.

Agency Funds – Account for assets that the School District holds on behalf of others as their agent in the payroll and claims clearing funds and employee payroll tax withholdings. Cash is held for warrants which were written but have not been paid by the County Treasurer. A warrant is an order by which the drawer (the person with authority to make the order) commands the School District trustee to pay a particular sum of money to a payee (person or entity) from funds in the School District treasury which are or may become available.

1. c. ASSETS, LIABILITIES AND NET POSITION (FUND BALANCE)

1. c. 1 CASH AND INVESTMENTS

Cash includes amounts in demand deposits, as well as short-term investments as authorized by State statutes. Montana Code Annotated (MCA) allows Montana local governments to invest public money not necessary for immediate use in United States government treasury bills, notes, bonds; certain United States treasury obligations; United States government security money market fund if investments consist of those listed above; time or savings deposits with a bank, savings and loan association, or credit union which is FDIC, FSLIC, or NCUA insured and are located in the state; or in repurchase agreements as authorized by MCA, or Montana Board of Investments Short Term Investment Pool (STIP). Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. Investments are recorded at fair market value.

Information regarding the collateral and security for cash is not available to the School District. However, State statute requires that United State government securities or agencies be held as collateral to secure deposits of public funds in excess of Federal Deposit Insurance Corporation (FDIC) insurance. The external investment pool is audited as part of Judith Basin County's financial statements. This investment pool is not registered with or monitored by the Securities and Exchange Commission (SEC).

1. c. 2 TAXES

Property tax levies are set connection with the budget process, and are based on taxable values listed as of January 1 for all property located in the School District. Taxable values are established by the Montana Department of Revenue based on market values. A revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by State statute as a fixed percentage of market value.

GEYSER SCHOOL DISTRICT NO. 58

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

Property taxes are collected by the County Treasurer who credits to the School District funds their respective share of the collections. The tax levies are collectible in two installments, which become delinquent after November 30 and May 31. Property taxes are liens upon the property being taxed. After a period of three years, the County may begin foreclosure proceedings and sell the property at auction. The School District receives its share of the sale proceeds of any such auction.

Taxes that become delinquent are charged interest at the rate of 5/6 of 1% per month plus a penalty of 2%. After a period of three years, the County may begin foreclosure proceedings and sell real property auction. In the case of personal property, the property may be seized and sold after the taxes become delinquent.

1. c. 3 INVENTORIES

Materials, supplies and food inventory at year end was not material. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

1. c. 4 CAPITAL ASSETS

The School District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Historical cost was established at the initial booking of the capital assets by determining actual costs or estimating using standard costing procedures. The School District considers capital assets to be items in excess of \$5,000 with a useful life in excess of one year. The costs of normal maintenance and repair are not capitalized. Land and construction in progress are not depreciated. Depreciation on the other capital assets is provided over their estimated useful lives on the straight-line method. The useful lives of these assets have been estimated as follows:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings	7 – 50 years
Machinery and Equipment	8 – 40 years

1.c. 5 DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable, is reported only in the governmental funds balance sheet. The governmental funds report unavailable from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

1.c. 6 VACATION AND SICK LEAVE

Classified School District employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. Classified School District employees earn vacation leave at the rate of 15 days per year during the first 10 years of employment, and at increasing rates thereafter to a maximum of 24 days per year after 20 years of employment. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is the amount earned in the most recent two-year period. At termination, employees are paid for any accumulated vacation leave at the current rate of pay. Classified School District employees earn sick leave at the rate of one day per month. There is no limit on the accumulation of unused sick leave. However, upon termination, only 25% of accumulated sick leave is paid at the current rate of pay.

Certified School District employees shall accrue 10 days of sick leave at the beginning of each year and can accumulate to a maximum of 35 days. Amounts in excess of 35 days at year-end are paid out at the termination rate. Upon termination, all payments are made at 25% of accumulated sick leave at the base pay rate.

Liabilities incurred because of unused vacation and sick leave accumulated by employees are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds and when accrued on the statement of activities. The amount expected to be paid within one year is \$21,949 and it is generally paid out of the general fund.

1.c. 7 NET POSITION AND FUND BALANCE

Statement of Net Position include the following:

GEYSER SCHOOL DISTRICT NO. 58

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

- Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted – The component of net position that is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – The difference between the assets and liabilities that is not reported in the other element of net position.

Governmental fund financial statements include the following fund balances:

- Restricted – Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Unassigned – Amounts that are available for any purpose; these amounts are reported only in the general fund or funds that have negative fund balances.

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

<u>Purpose</u>	<u>Restricted</u>
Instructional - Regular	\$ 3,333
Operations and Maintenance	4,914
Student Transportation	168,323
School Food	16
Third Party Grantor Restrictions	175,847
Employer Retirement Benefits	43,998
Future Technology	2,064
Future Capital Costs	46
Debt Service	<u>2,327</u>
Total	<u>\$ 400,868</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first.

1. d. OTHER

1. d. 1 USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.d. 2 COUNTY PROVIDED SERVICES

The School District is provided various financial services by Judith Basin County. The County also serves as cashier and treasurer for the School District for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in the Judith Basin County. The collections made by Judith Basin County on behalf of the School District are accounted for in an agency fund in the School District's name and are periodically remitted to the School District by the Judith Basin County Treasurer. No service charges have been recorded by the School District or the Judith Basin County.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2014, the summary of cash, cash equivalents for governmental and fiduciary funds is as follows:

<u>Account Type</u>	<u>Governmental</u> <u>Activities</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 563,015	\$ 74,233	\$ 637,248
Fund Overdraft	0	(95)	(95)
Total	<u>\$ 563,015</u>	<u>\$ 74,138</u>	<u>\$ 637,153</u>

GEYSER SCHOOL DISTRICT NO. 58

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

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

	<u>Amount</u>
Demand Accounts	\$ 422,943
County Investment Pool	214,210
Total	<u>\$ 637,153</u>

Some of the cash resources of the School District are held and managed by the Judith Basin County Treasurer pursuant to State Law. At June 30, 2014 the amount held by the Judith Basin County Treasurer is \$214,210. They are combined with cash resources of other governmental entities within Judith Basin County to form a pool of cash and cash equivalents. Investments of pooled cash consist primarily of demand accounts and certificates of deposit and are carried at fair value. The School District's exposure to credit risk is not available to the School District. Risk in the event of loss is unclear in state law, but appears to be the liability of Judith Basin County government. Because of the custodial involvement of the County government, and the commingling of cash in County deposits in the name of the County Treasurer, full risk classifications according to GASB 40 are available in the Judith Basin County's annual report. There is no known maturity and credit rating of the County Investment Pool.

Custodial credit risk-deposits: The remaining cash resources of the School District are held at a local bank in demand deposits, savings, and certificates of deposit, and are carried at fair value. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2014, the School District's bank balance was \$422,863 and \$279,467 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

NOTE 3. TAXES RECEIVABLE

The School District is permitted by State statutes to levy taxes up to certain fixed limits for various purposes. The assessed value of the roll as of January 1, 2013, upon which the levy for the 2014 fiscal year was based, was \$4,575,999 for the Elementary School District and the High School District. The tax rates assessed for the year ended June 30, 2014 to finance School District operations and applicable taxes receivable for the elementary and high schools follows:

	<u>Mill Levies</u>	<u>Taxes Receivable</u>
<u>Elementary Fund</u>		
General*	56.30	\$ 1,819
Transportation	7.43	240
Bus Depreciation*	4.25	134
Debt Service*	5.74	111
<u>High School Fund</u>		
General*	50.39	1,632
Transportation	7.43	281
Bus Depreciation*	3.42	111
Debt Service	6.41	207
Total	<u>141.37</u>	<u>\$ 4,535</u>

* Denotes Major Funds

NOTE 4. DUE FROM OTHER GOVERNMENTS

<u>Elementary Fund</u>	<u>Amount</u>	<u>Due From</u>	<u>Reason</u>
Retirement *	\$ 21,162	Judith Basin County	Fiscal year 2014 revenue
Miscellaneous*	530	Harlowton SD	Title III grant revenue
<u>High School Fund</u>			
Retirement*	<u>17,350</u>	Judith Basin County	Fiscal year 2014 revenue
Total	<u>\$ 39,042</u>		

* Denotes Major Funds

GEYSER SCHOOL DISTRICT NO. 58

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

NOTE 5. DUE TO/FROM OTHER FUNDS

<u>Due to Fund</u>	<u>Amount</u>	<u>Due From Fund</u>	<u>Reason</u>
General (Elem.) *	\$ 5,615	Debt Service (Elem.)*	Tax collections did not cover debt payments.
General (HS)*	<u>1,234</u>	Debt Service (HS)	Tax collections did not cover debt payments.
Total	<u>\$ 6,849</u>		

* Denotes Major Funds

NOTE 6. CAPITAL ASSETS, DEPRECIATION AND NET CAPITAL ASSETS

6. a. At June 30, 2014, the schedule of changes in general capital assets follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Non-depreciable:</u>				
Construction In Progress	\$ 8,000	\$ 0	\$ 8,000	\$ 0
<u>Depreciable:</u>				
Buildings	\$ 1,075,586	\$ 11,600	\$ 0	\$ 1,087,186
Machinery and equipment	<u>658,355</u>	<u>0</u>	<u>0</u>	<u>658,355</u>
Total Depreciable	<u>\$ 1,733,941</u>	<u>\$ 11,600</u>	<u>\$ 0</u>	<u>\$ 1,745,541</u>
<u>Accumulated Depreciation:</u>				
Buildings	\$ (423,990)	\$ (23,494)	\$ 0	\$ (447,484)
Machinery and equipment	<u>(304,805)</u>	<u>(26,917)</u>	<u>0</u>	<u>(331,722)</u>
Total Depreciation	<u>\$ (728,795)</u>	<u>\$ (50,411)</u>	<u>\$ 0</u>	<u>\$ (779,206)</u>
Net Depreciable Assets	<u>1,005,146</u>	<u>(38,811)</u>	<u>0</u>	<u>966,335</u>
Net General Capital Assets	<u>\$ 1,013,146</u>	<u>\$ (38,811)</u>	<u>\$ 8,000</u>	<u>\$ 966,335</u>

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

<u>Function</u>	<u>Amount</u>
Instructional	\$ 24,281
School Administration	3,086
Operation & Maintenance	2,970
Transportation	15,876
School Food	1,904
Extracurricular	<u>2,294</u>
Total Depreciation Expense	<u>\$ 50,411</u>

NOTE 7. CURRENT LIABILITIES

7. a. ADVANCE FROM GRANTORS

<u>Elementary Fund</u>	<u>Amount</u>	<u>Reason</u>
Miscellaneous *	<u>\$ 522</u>	Unearned REAP grant

* Denotes Major Funds

GEYSER SCHOOL DISTRICT NO. 58

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

NOTE 8. CHANGES IN LONG-TERM DEBT

8. a At June 30, 2014, the schedule of changes in general long-term debt follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>New Debt</u> <u>and Other</u> <u>Additions</u>	<u>Principal</u> <u>Payments</u> <u>and Other</u> <u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>One Year</u>
<u>Bonds and Notes Payable:</u>					
General Obligation Bonds	\$ 250,000	\$ 0	\$ 35,000	\$ 215,000	\$ 0
<u>Other Liabilities:</u>					
Compensated Absences	\$ 50,510	\$ 9,478	\$ 0	\$ 59,988	\$ 21,949
Other Post-Employment Benefits (OPEB)	109,392	27,348	0	136,740	0
Total Other Liabilities	\$ 159,902	\$ 36,826	\$ 0	\$ 196,728	\$ 21,949
Total Governmental Activities - Long-Term Debt:	\$ 409,902	\$ 36,826	\$ 35,000	\$ 411,728	\$ 21,949

8. b. GENERAL OBLIGATION BONDS

The School District issued general obligation bonds in prior years for the acquisition and construction of capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. These bonds were issued for the terms and payment schedules indicated in the following schedule:

<u>Description</u>	<u>Issue Date</u>	<u>Interest</u> <u>Rate</u>	<u>Length of</u> <u>Loan</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Outstanding</u> <u>June 30,</u> <u>2014</u>
1999 G.O. Bonds	10/1999	5.125-5.35%	20 years	10/2019	\$ 240,000	\$ 85,000
1999 G.O. Bonds	10/1999	5.25-5.35%	20 years	10/2019	360,000	130,000
					<u>\$ 600,000</u>	<u>\$ 215,000</u>

Debt service requirements to maturity for principal and interest for all bonded long term obligations are as follows:

For the year ended 6/30:	<u>Elementary</u>		<u>High School</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>
2015	\$ 0	\$ 2,258	\$ 0	\$ 3,452
2016	15,000	4,124	25,000	6,249
2017	15,000	3,332	25,000	4,930
2018	15,000	2,538	25,000	2,605
2019	20,000	1,605	25,000	2,274
2020	20,000	535	30,000	802
Totals	<u>\$ 85,000</u>	<u>\$ 14,392</u>	<u>\$ 130,000</u>	<u>\$ 20,312</u>

NOTE 9. DEFERRED INFLOWS OF RESOURCES

9. a. PROPERTY TAXES

<u>Elementary Fund</u>	<u>Amount</u>	<u>Reason</u>
General*	\$ 1,819	Taxes Receivable
Transportation	240	Taxes Receivable
Bus Depreciation*	134	Taxes Receivable
Debt Service*	111	Taxes Receivable
<u>High School Fund</u>		
General*	1,632	Taxes Receivable
Transportation	281	Taxes Receivable
Bus Depreciation	111	Taxes Receivable
Debt Service	207	Taxes Receivable
Total	<u>\$ 4,535</u>	

* Denotes Major Funds

GEYSER SCHOOL DISTRICT NO. 58

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

NOTE 10. DEFICIT FUND BALANCES

<u>Elementary Fund</u>	<u>Amount</u>	<u>How to Correct</u>
Debt Service*	\$ (5,971)	Levy additional taxes

* Denotes Major Funds

NOTE 11. PRIOR PERIOD ADJUSTMENTS

<u>Elementary Fund</u>	<u>Amount</u>	<u>REASON</u>
General*	\$ 26	To include the flexibility fund as part of the general fund
Flexibility*	(26)	To include the flexibility fund as part of the general fund
<u>High School Fund</u>		
General*	35,282	To include the flexibility fund as part of the general fund
Flexibility*	(35,282)	To include the flexibility fund as part of the general fund
Total	\$ 0	

* Denotes Major Funds

NOTE 12. OTHER POST EMPLOYMENT BENEFITS

Plan Description - The School District provides the same health care plan to all of its members. The implicit subsidy is \$6,561 per member and \$9,767 per member and spouse. The School District had fewer than 100 plan participants and thus qualified to use an Alternative Measurement Method instead of an actuarial valuation to determine the OPEB liability. Valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future and estimated amounts are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for the plan are based on types of benefits provided under the current plan. The valuation assumed that 10% of plan participants would elect to continue coverage after retirement.

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

Funding status and progress as of July 1, 2013 was as follows:

Actuarial Accrued Liability (AAL)	\$ 172,371
Actuarial value of plan assets	0
Unfunded Actuarial Accrued Liability (UAAL)	172,371
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 742,595
UAAL as a percentage of covered payroll	23%

Annual OPEB Cost and Net OPEB Obligations - The government's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameter of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed (30) years. The following table shows the components of the government's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the government's net OPEB obligation for the valuation performed at July 1, 2013.

Annual Required Contribution (ARC)	\$ 27,348
Interest on net OPEB obligation	0
Adjustment to ARC	0
Annual OPEB cost (expense)	27,348
Contribution made	0
Increase in net OPEB obligation	27,348
Net OPEB obligation - beginning of year	109,392
Net OPEB obligation - end of year	\$ 136,740

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

GEYSER SCHOOL DISTRICT NO. 58

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

Actuarial Cost Method	Unit Credit Cost Method
Average age of retirement (based on historical data)	67
Discount rate (average anticipated rate)	5.5%
Average Salary Increase	2.0%
Health care cost rate trend	
Year	% Increase
2015 and after	3.0%

NOTE 13. OTHER COMMITMENTS

13. a. CONSTRUCTION OR SIMILAR COMMITMENTS

The School District received hail damage to the building roof in May 2014. An insurance claim was filed and a bid to repair the roof was approved for \$39,300. The actual repairs to the roof were not done until fiscal year 2015.

13. b. ENCUMBRANCES

The School District's encumbrance policy is for fiscal year end encumbrances exceeding \$1,000 to be considered significant encumbrances. All encumbrances are classified as assigned or restricted in the funds noted below:

<u>High School Fund</u>	<u>Amount</u>
Transportation	\$ 1,224
* Denotes Major Funds	

NOTE 14. RISK MANAGEMENT

The School District, is exposed to various types of risk of loss, including: a) damage to and loss of property and contents; b) employee torts; c) professional liability, i.e. errors and omissions; d) environmental damage; e) workers' compensation, i.e. employee injuries and f) medical insurance costs of employees. Several methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and contents damage, employee torts, professional liabilities, and employee medical insurance. The School District has joined with other School Districts throughout the state into an interlocal common risk pool to insure workers compensation for all participating School Districts in a self-insurance pool. The Workers Compensation Risk Retention Program is managed by a board of directors elected annually. Members are responsible for fully funding the Workers Compensation Risk Retention Program through the payment of annual premiums assessed. There is no other liability to the School District other than timely payments of premiums. The School District can withdraw from the Workers Compensation Risk Retention Program with 60 days' notice at any time. The School District has no coverage for potential losses from environmental damages.

Levels of insurance have not changed materially from the prior year and settlements have not exceeded insurance coverage limits during the current or each of the two previous years.

NOTE 15. EMPLOYEE RETIREMENT SYSTEM

The School District participates in two state-wide, cost-sharing multiple employer defined benefit retirement plans which cover all School District employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers teaching employees, including administrators and aides. The Public Employee Retirement System (PERS) covers nonteaching employees. The plans are established under State law and are administered by the State of Montana.

Both plans issue publicly available annual reports that include financial statements and required supplemental information for the plans. Those reports may be obtained from the following:

Teachers Retirement System	Public Employees Retirement System
P.O. Box 200139	P.O. Box 200131
1500 Sixth Avenue	1712 Ninth Avenue
Helena, MT 59620-0139	Helena, MT 59620-0131
Phone: 406-444-3134	Phone: 406-444-3154

GEYSER SCHOOL DISTRICT NO. 58

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

www.trs.doa.state.mt.us

www.state.mt.us/doa/perb/prb.htm

The PERS defined benefit contribution rates for employees was 7.9%. The PERS rate for the State was set at .37%. For the defined contribution plan the rates are the same except only 4.19% of the employer amount is added to the employee account. Employees who elect the defined contribution plan are in control of their investments and the retirement is based upon the cash in their fund. The PERS rate for employers was 7.8%. The TRS rates for employees was 8.15% and the State was set at 2.49%. The TRS rate for employers was 8.47%. The State's contribution to the retirement system qualifies as an on-behalf payment and has not been reported in the School District's financial statements.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>
TRS	\$ 81,307	\$ 90,096	\$ 100,892
PERS	<u>17,974</u>	<u>19,675</u>	<u>21,806</u>
Total	<u>\$ 99,281</u>	<u>\$ 109,771</u>	<u>\$ 122,698</u>

NOTE 16. COOPERATIVE

16. a. SPECIAL EDUCATION

The Geysers School District No. 58 is a member of the Central Montana Learning Resource Center Cooperative, a Special Education Cooperative. The financial records of the Cooperative are prepared and maintained by the Cooperative Clerk. The financial records of the Cooperative are separate from those of Geysers School District No. 58, and the financial statements of the Cooperative are not included in the School Districts' financial statements. The Cooperative's financial statements are audited separately from those of the School District. All revenue received, including Federal, State, or other types of grant payments, and the financial support provided by each of the Cooperative's members are deposited into the Cooperative's funds, which are maintained in the custody of the Fergus County Treasurer. The Superintendent of Public Instruction may directly deposit to the Cooperative the State and Federal portion of any participating member School District's budgeted costs for contracted special education services. All capital assets of the Cooperative are included in the Cooperative's financial statements.

A Joint Board of Directors governs the Cooperative. The Joint Board has the power to set policies, enter into contracts, review the performance of the Cooperative annually, review the financial management of the Cooperative annually, and set and approve the annual fiscal budget of the Cooperative.

NOTE 17. CONTINGENCIES

The government participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

GEYSER SCHOOL DISTRICT NO. 58

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
<u>7/1/2013</u>	\$ -	\$ 172,371	\$ 172,371	0%	\$ 742,595	23%

This schedule is based on the actuarial values as of July 1, 2013. Information for prior years is not available.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(Budget and Actual)
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General (Elem)			Bus Depreciation (Elem.)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ 257,618	\$ 257,618	\$ 255,384	\$ 19,463	\$ 19,463	\$ 19,212
Interest	139	139	107	-	-	137
Other	-	-	-	-	-	-
County	-	-	-	-	-	-
State	202,633	204,919	202,633	-	-	-
Total Revenues	<u>460,390</u>	<u>462,676</u>	<u>458,124</u>	<u>19,463</u>	<u>19,463</u>	<u>19,349</u>
EXPENDITURES:						
Current						
Instructional Services			299,010			-
Support Services			10,113			-
Educational Media Services			14,975			-
General Administrative Services			66,482			-
Operation & Maintenance Services			48,564			-
Transportation Services			30			-
School Food Services			10,458			-
Extracurricular			6,760			-
Capital Outlay			3,600			-
Total Expenditures	<u>460,390</u>	<u>462,676</u>	<u>459,992</u>	<u>68,767</u>	<u>68,764</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	-	(1,868)	(49,304)	(49,301)	19,349
FUND BALANCE:						
Beginning of the Year			76,356			49,301
End of the Year			<u>\$ 74,488</u>			<u>\$ 68,650</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 (Budget and Actual)
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2014

	Retirement (Elem.)			Bus Depreciation (HS)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ -	\$ -	\$ -	\$ 15,659	\$ 15,659	\$ 15,515
Interest	-	-	-	-	-	123
Other	-	-	-	-	-	-
County	63,485	63,485	63,484	-	-	-
State	-	-	-	-	-	-
Total Revenues	63,485	63,485	63,484	15,659	15,659	15,638
EXPENDITURES:						
Current						
Instructional Services			46,651			-
Support Services			996			-
Educational Media Services			1,910			-
General Administrative Services			7,111			-
Operation & Maintenance Services			3,110			-
Transportation Services			3,207			-
School Food Services			4,193			-
Extracurricular			1,183			-
Capital Outlay			-			-
Total Expenditures	72,400	72,400	68,361	64,359	64,359	-
NET CHANGES IN FUND BALANCES	(8,915)	(8,915)	(4,877)	(48,700)	(48,700)	15,638
FUND BALANCE:						
Beginning of the Year			23,395			48,699
End of the Year			\$ 18,518			\$ 64,337

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(Budget and Actual)
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Retirement (HS)			General (HS)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ -	\$ -	\$ -	\$ 230,535	\$ 230,535	\$ 228,639
Interest	-	-	-	366	366	249
Other	-	-	-	345	345	-
County	63,485	63,485	52,051	-	-	-
State	-	-	-	279,667	285,517	279,667
Total Revenues	<u>63,485</u>	<u>63,485</u>	<u>52,051</u>	<u>510,913</u>	<u>516,763</u>	<u>508,555</u>
EXPENDITURES:						
Current						
Instructional Services			31,832			191,263
Support Services			1,661			17,134
Educational Media Services			1,647			12,996
General Administrative Services			10,175			111,630
Operation & Maintenance Services			4,006			116,276
Transportation Services			3,479			-
School Food Services			-			23,807
Extracurricular			4,209			43,829
Capital Outlay			-			-
Total Expenditures	<u>59,950</u>	<u>59,950</u>	<u>57,009</u>	<u>511,109</u>	<u>516,959</u>	<u>516,935</u>
NET CHANGES IN FUND BALANCES	3,535	3,535	(4,958)	(196)	(196)	(8,380)
FUND BALANCE:						
Beginning of the Year			19,889			105,135
End of the Year			<u>\$ 14,931</u>			<u>\$ 96,755</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 (Budget and Actual)
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2014

	Flexibility Fund (Elem.)			Flexibility Fund (HS)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ -	\$ -	\$ -	\$ 15,659	\$ 15,659	\$ -
Interest	-	-	-	-	-	87
Other	-	-	-	-	-	-
County	-	-	-	-	-	-
State	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,659</u>	<u>15,659</u>	<u>87</u>
EXPENDITURES:						
Current						
Instructional Services			-			-
Support Services			-			-
Educational Media Services			-			-
General Administrative Services			-			-
Operation & Maintenance Services			-			-
Transportation Services			-			-
School Food Services			-			-
Extracurricular			-			-
Capital Outlay			-			-
Total Expenditures	<u>27</u>	<u>27</u>	<u>-</u>	<u>64,359</u>	<u>64,359</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(27)	(27)	-	(48,700)	(48,700)	87
FUND BALANCE:						
Beginning of the Year			<u>26</u>			<u>35,282</u>
End of the Year			<u>\$ 26</u>			<u>\$ 35,369</u>

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

GEYSER SCHOOL DISTRICT NO. 58

NOTES TO THE BUDGET VS ACTUAL SCHEDULE
Fiscal Year-Ended June 30, 2014

NOTE 1. BUDGETS

1. a. BUDGETS

Budgets are adopted on a basis consistent with the State of Montana budget laws which are consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the general fund, budgeted special revenue funds including (Transportation, Bus Depreciation, Tuition, Retirement, Adult Education, Technology, Flexibility), and debt service fund. All annual appropriations lapse at fiscal year-end, unless the School District elects to encumber supplies and personal property ordered but not received at year end.

1. a. 1 GENERAL BUDGET POLICIES:

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

1. a. 2 BUDGET OPERATION:

The School District operates within the budget requirements for School Districts as specified by State law. The financial report reflects the following budgetary standards:

- By the second Monday in July, the County Assessor transmits a statement of the assessed valuation and taxable valuation of all property in the School District's borders.
- Before the fourth Monday in July, the County Superintendent estimates the revenue required for each fund.
- Before the fourth Monday in August, the Board of Trustees must meet to legally adopt the final budget. The final budget for the general fund is fund total only.
- Once adopted, the budget can be amended by subsequent Board action. An increase of the total budget of a given fund requires the adoption of an amended budget in accordance with State statutes.
- According to State statutes, the expenditures of a budgeted fund may not legally exceed the adopted budget.
- At the end of a fiscal year, unencumbered appropriations lapse unless specifically obligated by the School District.

NOTE 2. BUDGET AMENDMENT

The elementary and high school general fund budgets were amended and approved by the Office of Public Instruction. The budget amendments for were \$2,286 and \$5,850 respectively.

GEYSER SCHOOL DISTRICT NO. 58

NOTES TO THE BUDGET VS ACTUAL SCHEDULE (continued)
Fiscal Year-Ended June 30, 2014

NOTE 3. COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL SUB-FUNDS OF THE GENERAL FUND

	<u>Sub-fund General Fund (EL)</u>	<u>Sub-fund General Fund (HS)</u>	<u>Sub-fund Flexibility Fund (EL)</u>	<u>Sub-fund Flexibility Fund (HS)</u>	<u>Total General Fund</u>
REVENUES:					
District Levies	\$ 255,384	\$ 228,639	\$ 0	\$ 0	\$ 484,023
Interest Earnings	107	249	0	87	443
State Sources	<u>202,633</u>	<u>279,667</u>	<u>0</u>	<u>0</u>	<u>482,300</u>
Total Revenues	<u>458,124</u>	<u>508,555</u>	<u>0</u>	<u>87</u>	<u>966,766</u>
EXPENDITURES:					
Instructional Services	299,010	191,263	0	0	490,273
Support Services	10,113	17,134	0	0	27,247
Educational Media	14,975	12,996	0	0	27,971
General Administrative	66,482	111,630	0	0	178,112
Operation & Maintenance	48,564	116,276	0	0	164,840
Transportation	30	0	0	0	30
School Food	10,458	23,807	0	0	34,265
Extracurricular	6,760	43,829	0	0	50,589
Capital	<u>3,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,600</u>
Total Expenditures	<u>459,992</u>	<u>516,935</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 976,927</u>
Net Changes In Fund Balance	(1,868)	(8,380)	0	87	(10,161)
FUND BALANCE:					
Beginning of the Year	76,356	105,135	0	0	181,491
Prior Period Adjustment			26	35,282	35,308
Ending of the Year	<u>\$ 74,488</u>	<u>\$ 96,755</u>	<u>\$ 26</u>	<u>\$ 35,369</u>	<u>\$ 206,638</u>

In the reconciliation the general fund and flexibility fund are added together to get to the aggregate general fund shown as a major fund on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds. The flexibility fund is maintained as special revenue funds for accounting purposes, however, for external financial reporting they are added to the general fund because they have unassigned fund balance like the general fund.

On the Statement of Revenues, Expenditures, and Changes in Fund Balance (Budget and Actual) All Budgeted Major Governmental Funds display budgeted information for the general and major special revenue funds. The Statement presents budgetary information for the general fund and flexibility fund because they are reported as major funds and have legally adopted budgets.

GEYSER SCHOOL DISTRICT NO. 58

SCHEDULE OF REVENUES, EXPENSES AND BALANCES EXPENDABLE TRUST – STUDENT ACTIVITY FUNDS
Fiscal Year-Ended June 30, 2014

<u>Activity Account Name</u>	<u>Beginning Balance 7/1/2013</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Transfers</u>	<u>Ending Balance 6/30/2014</u>
ATHLETICS	\$ (3,189)	\$ 15,010	\$ 14,667	\$ -	\$ (2,846)
VENDING	-	-	-	-	-
WRANGLER	(1,482)	2,297	1,931	320	(796)
TROPHY CASE	1,184	1	-	-	1,185
BOXTOPS	475	82	-	-	557
SCIENCE CLUB	520	985	732	-	773
CLASS OF 2013	320	-	-	(320)	-
MUSIC	3,379	3,235	4,249	-	2,365
DRAMA/SPEECH	541	-	-	-	541
REVOLVING	248	998	1,156	-	90
CLASS OF 2014	1,065	899	1,831	-	133
STUDENT COUNCIL	92	2,183	470	(41)	1,764
SPIRIT CLUB	271	107	142	41	277
LIBRARY	401	-	-	-	401
HONOR SOCIETY	574	-	-	-	574
JUNIOR HIGH	153	1	-	-	154
SHOP	724	-	-	-	724
CONTRIBUTIONS	762	-	-	-	762
YELLOWSTONE	2,144	4,870	1,948	3	5,069
HISTORY TRIP FUND	<u>3</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
Total	<u>\$ 8,185</u>	<u>\$ 30,668</u>	<u>\$ 27,126</u>	<u>\$ -</u>	<u>\$ 11,727</u>

GEYSER SCHOOL DISTRICT NO. 58

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

FALL ENROLLMENT - OCTOBER, 2013

Elementary

	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Kindergarten Part	7	7	0
Grade 1 - 6	23	23	0
Grade 7 - 8	9	9	0
Total	<u>39</u>	<u>39</u>	<u>0</u>

High School

	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	<u>23</u>	<u>23</u>	<u>0</u>

Part-time Students

Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	0	0	0
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<u>0</u>	<u>0</u>	<u>0</u>

WINTER ENROLLMENT - DECEMBER, 2013

Elementary

	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Kindergarten Part	7	7	0
Grade 1 - 6	23	23	0
Grade 7 - 8	9	9	0
Total	<u>39</u>	<u>39</u>	<u>0</u>

High School

	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	<u>23</u>	<u>23</u>	<u>0</u>

Part-time Students

Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	0	0	0
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<u>0</u>	<u>0</u>	<u>0</u>

SPRING ENROLLMENT - FEBRUARY, 2014

Elementary

	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Kindergarten Full	7	7	0
Grade 1 - 6	23	23	0
Grade 7 - 8	9	9	0
Total	<u>39</u>	<u>39</u>	<u>0</u>

High School

	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	<u>22</u>	<u>22</u>	<u>0</u>

Part-time Students

Less than 181 hours	0	0	0
Less than 359 hours	0	0	0
Less than 539 hours	0	0	0
Less than 719 hours	0	0	0
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<u>0</u>	<u>0</u>	<u>0</u>

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Geysers School District No. 58
Judith Basin County
Geysers, MT 59447

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Geysers School District No. 58 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Geysers School District No. 58's basic financial statements and have issued our report thereon dated April 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Geysers School District No. 58's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Geysers School District No. 58's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs Or schedule of findings and responses as items 2014-001.

Geyser School District No. 58's Response to Findings

The District's response to the findings identified in our audit are 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.

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
April 16, 2015

SCHEDULE OF FINDINGS AND RESPONSES

There were no findings or recommendations in the prior audit report and current findings for the fiscal year ended June 30, 2014 are noted below:

2014-001 – Bus Depreciation Fund

Criteria: The bus depreciation budget is allowed to depreciate 20% of buses owned by the District.

Condition: The 2014 elementary and high school bus depreciation fund budgets depreciated a 1997 bluebird bus for its fiscal year levy that was sold in fiscal year 2013.

Effect: The effect is noncompliance with bus depreciation fund regulations.

Context: This bus was depreciated \$4,300 in the elementary and high school bus depreciation funds in fiscal year 2014.

Cause: The list of depreciable buses was not updated for the fiscal year 2014 budget.

Recommendation: We recommend the District update the list of buses on its elementary and high school bus depreciation fund budgets.

Auditee Response: We replaced an old bus with a new bus and inadvertently did not update the depreciation schedule. The total amount levied in the bus depreciation fund was less than the amount allowed, so the levy did not exceed amount legally allowed, it was just levied on the wrong bus. In the future, depreciation schedule will be checked to make certain it is updated to current fleet of buses.