

GLENDIVE SCHOOL DISTRICT NO. 1

**DAWSON COUNTY
GLENDIVE, MONTANA**

FINANCIAL AND COMPLIANCE REPORT

Fiscal year Ended June 30, 2014

Strom & Associates, P. C.

**PO BOX 1980
Billings, Montana 59103**

Glendive School District No. 1
Dawson County
Glendive, MT 59330

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Glendive School District No. 1
Dawson County
Glendive, MT 59330

ORGANIZATION

BOARD OF TRUSTEES

LaNette Simonton	Chair
Jeanne Seifert	Vice Chair
Penny Denning	Trustee
Brian Steffen	Trustee
Amanda (Mandy) Hoffman	Trustee
Jenifer Knutson	Trustee
Chad Maher	Trustee
Kathleen Renander	Trustee

OFFICIALS

Ross Farber	Superintendent
Anne Sadorf	District Clerk
Steve Engebretson	County Superintendent
Olivia Rieger	County Attorney

**Glendive Public Schools
Dawson County
Glendive, Montana
Management's Discussion and Analysis
June 30, 2014**

This section of Glendive Public School's annual financial report presents our discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2014. Please read it in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

The District's financial operations in 2014 were steady with net position increasing by \$1,182,170, or 14.92% from the prior year. Total program expenses increased by \$382,499 or 3.25%, while total revenues increased by \$1,840,249 or 15.99% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are *Government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status. The other statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide financial statements.

Government-wide financial statements report information using full accrual accounting methods, which are the methods used by most private-sector companies. It includes *all* of the District's assets and liabilities, and all of the District's revenues and expenses, regardless of when cash is received or paid out. It also includes depreciation on capital assets.

Governmental fund financial statements present a short-term view of the District's activities (they only include current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future). They present detailed information about the District's general fund and the other governmental funds.

The financial statements also include footnotes that explain in more detail some of the information included in the body of the financial statements. This is followed by required supplementary information, such as budget to actual information for the General Fund and any major special revenue funds with legally adopted budgets. The other supplementary information includes enrollment and extracurricular information and is not a part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Information in the government-wide financial statements helps to determine whether the District is better or worse off as a result of the year's activities. The change in net position (difference between total assets and total liabilities) over time is one indicator of whether the District's financial health is improving or deteriorating. However, other nonfinancial factors must be considered in making an assessment of the overall health of the District. Factors such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, changes in the District's tax base, etc. each have an impact on the overall condition of the District's financial position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position – The District's combined net position were slightly higher on June 30, 2014 than they were the year before, increasing 15.99% to \$8,692,398.

	<u>2013</u>	<u>2014</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
Current Assets	4,413,281	4,943,982	\$ 530,701	12.03%
Capital Assets, net	<u>3,479,265</u>	<u>4,130,734</u>	<u>651,469</u>	<u>18.72%</u>
Total Assets	7,892,546	9,074,716	1,182,170	14.98%
Current Liabilities	42,788	53,486	10,698	25.00%
Long Term Liabilities	<u>338,844</u>	<u>328,832</u>	<u>(10,012)</u>	<u>-2.95%</u>
Total Liabilities	381,632	382,318	686	0.18%
Net Position:				
Invested in Capital Assets				
Net of Related Debt	3,479,265	4,130,734	651,469	18.72%
Restricted	3,061,100	2,858,280	(202,820)	-6.63%
Unrestricted	<u>970,549</u>	<u>1,703,384</u>	<u>732,835</u>	<u>75.51%</u>
Total Net Position	7,510,914	8,692,398	1,181,484	15.73%

*Restricted assets are the net position of the Transportation, Bus Depreciation, Retirement, Tuition, Adult Education, Technology, Flexibility and Building Reserve funds. State law establishes the criteria for the property tax levies on these funds for specific purposes, and therefore the net position of those funds are considered restricted, as they cannot be used for the general funding of the Districts expenses.

Revenues	<u>2013</u>	<u>2014</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
Program Revenues:				
Charges for Services	399,873	387,666	(12,207)	-3.05%
Operating Grants	1,243,313	1,395,053	151,740	12.20%
General Revenues:				
District Levy	2,894,491	3,553,869	659,378	22.78%
State Equalization	3,204,791	3,372,908	168,117	5.25%
Other State Revenue	2,771,210	2,735,055	(36,155)	-1.30%
County	937,017	1,062,392	125,375	13.38%
Investment Earnings	31,287	33,072	1,785	5.71%
Other	<u>24,869</u>	<u>807,085</u>	<u>782,216</u>	<u>3145.35%</u>
Total Revenues	11,506,851	13,347,100	1,840,249	15.99%
Program Expenses				
Instruction	6,141,938	6,342,608	200,670	3.27%
Support	617,230	589,308	(27,922)	-4.52%
Media	544,142	653,318	109,176	20.06%
Administration:	1,047,151	1,158,225	111,074	10.61%
O & M	1,716,766	1,667,125	(49,641)	-2.89%
Transportation	687,326	598,028	(89,298)	-12.99%
School Food	510,792	564,942	54,150	10.60%
Extra Curricular	297,244	342,674	45,430	15.28%
Other Current Charges	-	14,183	14,183	100.00%
Depreciation-Unallocated	<u>220,528</u>	<u>235,205</u>	<u>14,677</u>	<u>6.66%</u>
Total Expenses	<u>11,783,117</u>	<u>12,165,616</u>	<u>382,499</u>	<u>3.25%</u>
Change in Net Position	(276,266)	1,181,484	1,457,750	

The District's total revenues increased by 15.99%. The increase in revenue was largely due to passage of levies in the General, Technology and Building Reserve funds of each District and a very generous restricted private donation to install a post tension concrete running track and artificial turf. Total District expenditures increased by 3.25%. The increase in expenditures was primarily due to the necessity of increased educational support costs due to increased enrollment. Work continued on the major upgrade and repair of the DCHS HVAC system. Failure of aging steam lines and associated infrastructure necessary for steam heat have plagued the District and repair is ongoing.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The fund financial statements provide detailed information about the most significant of the District's funds; the District is required to provide detailed information for its "major" funds.

Major funds are defined as the General fund and any other fund where the assets, liabilities, revenues or expenditures exceed 10% of total governmental fund amounts. Governmental funds provide a short-term view of the District's operations. They are reported using modified accrual accounting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The significant changes in capital assets in FY 14 included depreciation on buses and other equipment as well as the addition of artificial turf, all weather track; a state of the art electronic scoreboard; update of the fleet vehicles and 2 micro buses. Debt of the district consists of compensated absences, or accrued vacation and sick leave, that are due to employees of the District. There is no Debt Service Fund in either District,

BUDGETARY HIGHLIGHTS

Salaries for all administrators, teachers and staff were increased for the 2013-14 school year.

The voters of the Districts passed General Fund mill levies in each District for FY 2013-14. Voters also passed Technology levies with perpetual terms and Building Reserve levies with 5 year terms in each District commencing with FY 2013-14.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The greater of current year Average Number Belonging (ANB) or a 3 year average ANB is used in calculation of the budgets. Current year ANB increased by thirteen (13) in the Elementary and increased by six (6) in the High School for the fiscal year ending June 30, 2014. Budgets for both districts will be based on current year ANB for FY 14-15. Enrollment will continue to impact the financial condition of both Districts. The ongoing expansion of oil exploration in the Bakken formation is expected to bring additional families to Dawson County. Fluctuating enrollment will continue to bring challenges to both Districts, not only in terms of revenue but also in staffing and adequate classroom space. Wages that are below other area employers as well as a shortage of affordable housing continues to create a significant challenge for recruiting and retaining qualified teachers, administrators and support staff. Aging infrastructure will require significant resources for restoration, renovation or replacement to meet the needs of future students.

The Elementary Schools and the High School struggle to meet the requirements of adequate yearly progress (AYP). Data driven testing and assessment instruments have been implemented district wide in the ongoing effort to evaluate and elevate test scores. The elementary schools and the middle school are fully accredited by the state of Montana. Dawson County High School received full accreditation from AdvancED. Washington Middle School is in the second year of a voluntary restructuring program in an effort to assist the school meet the goals and requirements of AYP.

CONTACT INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the school's finances and show accountability for the funds received. If you have questions about this report or need additional financial information please contact the Office of the Superintendent located at 900 North Merrill; Glendive, MT 406-377-5293.

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Glendive School District No. 1
Dawson County
Glendive, MT 59330

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 Glendive School District No. 1 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.

Basis for Qualified Opinion on Governmental Activities

Management has not adopted a methodology for reporting Other Postemployment Benefits (OPEB) in the governmental activities and accordingly has not recorded the annual required expense or related liabilities. Accounting principles generally accepted in the United States of America require OPEB financial reporting. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Glendive School District No. 1, as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of Glendive School District No. 1 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 budgetary comparison information (pages 25 - 29) 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.

Management has omitted other post-employment benefits other than pensions information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Glendive School District No. 1's basic financial statements. The accompanying schedule of revenues, expenses and balances student activity funds (page 30 - 31) and schedule of reported enrollment (page 32) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (page 33 - 34) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The accompanying schedule of revenues, expenses and balances student activity funds, schedule of reported enrollment, and the schedule of expenditures of federal awards 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, schedule of reported enrollment, and the schedule of expenditures of federal awards 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 March 11, 2015 on our consideration of Glendive School District No. 1 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 Glendive School District No. 1 internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC
Billings, Montana
March 11, 2015

Glendive School District No. 1
 Dawson County
 Glendive, MT 59330

STATEMENT OF NET POSITION
 as of June 30, 2014

	<u>Governmental</u> <u>Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 4,722,646
Taxes Receivable	141,254
Due From Other Governments	<u>80,082</u>
Total Current Assets	<u>4,943,982</u>
Noncurrent Assets:	
Capital Assets:	
Land	14,950
Net Depreciable Assets	<u>4,115,784</u>
Total Noncurrent Assets	<u>4,130,734</u>
Total Assets	<u>\$ 9,074,716</u>
LIABILITIES:	
Current Liabilities	
Grants Received In Advance	\$ 4,881
Current Portions Compensated Absences	<u>48,605</u>
Total Current Liabilities	<u>53,486</u>
Noncurrent Liabilities:	
Compensated Absences	<u>328,832</u>
Total Noncurrent Liabilities	<u>328,832</u>
Total Liabilities	<u>382,318</u>
NET POSITION:	
Net investment in capital assets	4,130,734
Restricted	2,858,280
Unrestricted (Deficit)	<u>1,703,384</u>
Total Net Position	<u>8,692,398</u>
Total Liabilities and Net Position	<u>\$ 9,074,716</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 Grants and Contributions	Primary Government Governmental Activities
GOVERNMENT OPERATIONS				
Instructional Services	\$ 6,342,608	\$ 20,890	\$ 943,725	\$ (5,377,993)
Support Services	589,308	-	35,589	(553,719)
Educational Media Services	653,318	28,288	50,590	(574,440)
General Administrative Services	1,158,225	-	41,304	(1,116,921)
Operation & Maintenance Services	1,667,125	7,137	240	(1,659,748)
Transportation Services	598,028	-	115,543	(482,485)
School Food Services	564,942	331,351	208,062	(25,529)
Extracurricular	342,674	-	-	(342,674)
Unallocated Depreciation Expense *	235,205	-	-	(235,205)
Total Governmental Activities	12,151,433	387,666	1,395,053	(10,368,714)
GENERAL REVENUES				
District Levies				3,553,869
State Equalization				3,372,908
Other State Revenues				2,735,055
County				1,062,392
Interest				33,072
Other				807,085
Gain(loss) on Sale of Assets				(14,183)
Total General Revenues				11,550,198
Change in Net Position				1,181,484
Net Position				
Beginning of the Year				7,510,914
End of the Year				\$ 8,692,398

* Excludes depreciation included in direct expenses of the various functions

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

BALANCE SHEET
 GOVERNMENTAL FUNDS
 as of June 30, 2014

	MAJOR			Other Governmental Funds	Total Governmental Funds
	General	Transportation (Elem.)	Miscellaneous Programs (HS)		
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 2,006,687	\$ 280,544	\$ 570,109	\$ 1,865,306	\$ 4,722,646
Taxes Receivable	108,975	16,069	-	16,210	141,254
Due From Other Governments	-	-	-	80,082	80,082
Total Assets	\$ 2,115,662	\$ 296,613	\$ 570,109	\$ 1,961,598	\$ 4,943,982
LIABILITIES:					
Current Liabilities					
Grants Received In Advance	-	-	4,881	-	4,881
Total Liabilities	-	-	4,881	-	4,881
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes Receivable	108,975	16,069	-	16,210	141,254
Total Deferred Inflows of resources	108,975	16,069	-	16,210	141,254
FUND BALANCE:					
Fund Balances:					
Restricted	-	280,544	565,228	1,945,388	2,791,160
Assigned	563,940	-	-	-	563,940
Unassigned:	1,442,747	-	-	-	1,442,747
Total Fund Balance	2,006,687	280,544	565,228	1,945,388	4,797,847
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,115,662	\$ 296,613	\$ 570,109	\$ 1,961,598	\$ 4,943,982

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance reported above	\$ 4,797,847
Governmental Capital Assets	4,130,734
Long-term Liabilities	
Compensated Absences	(377,437)
Unavailable Property Taxes Receivable	141,254
Net Position of Governmental Activities	\$ 8,692,398

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
	General	Transportation (Elem.)	Miscellaneous Programs (HS)	Other Governmental Funds	
REVENUES:					
District Levies	\$ 2,561,791	\$ 359,078	\$ -	\$ 613,397	\$ 3,534,266
Interest	15,482	1,540	3,327	12,723	33,072
Charges for Services	7,390	-	-	380,275	387,665
Other	-	-	801,781	5,304	807,085
County	-	36,650	-	1,083,513	1,120,163
State	6,479,958	49,741	44,630	150,610	6,724,939
Federal	-	-	16,815	703,492	720,307
Total Revenues	9,064,621	488,009	866,553	2,949,314	13,327,497
EXPENDITURES:					
Current					
Instructional Services	4,942,257	-	24,434	1,357,905	6,324,596
Support Services	476,981	-	39,327	73,463	589,771
Educational Media Services	526,178	-	523	123,177	649,878
General Administrative Services	919,252	62,211	20,679	182,476	1,184,618
Operation & Maintenance Services	1,375,215	13,247	240	267,747	1,656,449
Transportation Services	32,872	375,973	-	136,203	545,048
School Food Services	-	-	-	561,238	561,238
Extracurricular	311,573	-	-	31,101	342,674
Total Current Outlays	8,584,328	451,431	85,203	2,733,310	11,854,272
Capital Outlay	140,084	-	650,000	223,608	1,013,692
Total Expenditures	8,724,412	451,431	735,203	2,956,918	12,867,964
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	340,209	36,578	131,350	(7,604)	459,533
OTHER FINANCING SOURCES/USES					
Sale of Capital Assets	-	-	-	50,000	50,000
Fund Transfers In	-	41,000	-	9,830	50,830
Fund Transfers (Out)	(9,830)	-	-	(41,000)	(50,830)
Total Other financial Sources/Uses	(9,830)	-	-	18,830	50,000
NET CHANGES IN FUND BALANCES	330,379	36,578	131,350	11,226	509,533
FUND BALANCE:					
Beginning of the Year	1,249,347	243,966	433,878	2,361,123	4,288,314
Prior Period Adjustments	426,961	\$ -	\$ -	(426,961)	-
End of the Year	\$ 2,006,687	\$ 280,544	\$ 565,228	\$ 1,945,388	\$ 4,797,847

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

Glendive School District No. 1
Dawson County
Glendive, MT 59330

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		\$	509,533
Revenues on the Statement of Activity not included in governmental funds statement:			
Increase (decrease) in taxes receivable			19,603
Revenues reported in the governmental funds statement not included in the Statement of Activity			
Sale of Fixed Assets			(50,000)
Expenses on the Statement of Activity not included in the governmental funds statement:			
Depreciation Expense	(298,040)		
(Increase) decrease in compensated absence liability	<u>879</u>	(297,161)	
Expenditures reported in the governmental funds statement not included in the Statement of Activity			
Capital outlays	1,013,692		
Gain loss on sale of assets	<u>(14,183)</u>	<u>999,509</u>	
Change in net position reported on the Statement of Activity		\$	<u>1,181,484</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	\$ 229,060	\$ 824,883
Total Assets	<u>229,060</u>	<u>824,883</u>
LIABILITIES:		
Current Liabilities		
Warrants Payable	-	815,112
Other Current Liabilities	-	9,771
Total Liabilities	<u>-</u>	<u>824,883</u>
NET POSITION:		
Restricted for Student Activities	<u>229,060</u>	
Total Net Position	<u>\$ 229,060</u>	

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

	Private Purpose Trust Funds
ADDITIONS:	
Revenues from Student Activities	\$ 277,443
Total Additions	<u>277,443</u>
DEDUCTIONS:	
Expenses of Student Activities	<u>274,364</u>
Total Deductions	<u>274,364</u>
CHANGE IN NET POSITION	3,079
NET POSITION:	
Beginning of the Year	<u>225,981</u>
End of the Year	<u>\$ 229,060</u>

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

GLENDIVE SCHOOL DISTRICT NO. 1

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 Glendive School District No. 1 (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 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 this 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. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

GLENDIVE SCHOOL DISTRICT NO. 1

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 and facility rental fees and
- 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 non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The student activity fund 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 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. On an accrual basis, revenue from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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:

GLENDIVE SCHOOL DISTRICT NO. 1

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 elementary inter-local agreement fund and the elementary and high school flexibility fund since the restrictions on those funds are similar to the general fund.

- Elementary Transportation Fund – This fund is used to account for financing the maintenance and operation of School District owned school buses, contracts with private carriers for school bus service, individual transportation contracts, and any amount necessary for the purchase, rental, or insurance of yellow school buses or operation of the transportation program. County wide levies to this fund are to be based upon projected transportation costs for the fiscal year.
- High school Miscellaneous Fund – This fund is 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.

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 Dawson 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 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.

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.

GLENDIVE SCHOOL DISTRICT NO. 1

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

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	20 – 50 years
Improvements other than buildings	25 years
Machinery and Equipment	5 – 20 years
Infrastructure	

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 two sources: 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 staff with fifteen consecutive years of service with the district are paid out at 75% of base pay with a maximum payment of \$6,400 for unused sick leave.

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 \$48,605 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:

- 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.
- Assigned – the executing a purchase order for a specific purpose such as an encumbrance.
- Unassigned - Amounts that are available for any purpose; these amounts are reported only in the general fund.

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

GLENDIVE SCHOOL DISTRICT NO. 1

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

<u>Purpose</u>	<u>Restricted</u>	<u>Assigned</u>
Instructional - Regular	\$ 42,042	\$ 563,940
Operations and Maintenance	14,762	0
Student Transportation	711,586	0
School Food	167,166	0
Third Party Grantor Restrictions	961,560	0
Employer Retirement Benefits	376,915	0
Future Technology	98,036	0
Future Capital Costs	419,093	0
Total	<u>\$ 2,791,160</u>	<u>\$ 563,940</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. When an expenditure is incurred for assigned or unassigned fund balances are available, the School District considers amounts to have been spent first out of assigned and then unassigned funds as needed, unless the board of trustees has provided otherwise.

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 Dawson 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 County. The collections made by the 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 Dawson County Treasurer. No service charges have been recorded by the School District or the County.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2014, the summary of cash, cash equivalents for governmental activities 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	<u>\$ 4,722,646</u>	<u>\$ 1,053,942</u>	<u>\$ 5,776,588</u>

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

	<u>Amount</u>
Demand Accounts	\$ 229,060
County Investment Pool	<u>5,547,528</u>
Total	<u>\$ 5,776,588</u>

Cash resources of the School District are held and managed by the Dawson County Treasurer pursuant to State Law. They are combined with cash resources of other governmental entities within Dawson County to form a pool of cash and cash equivalents. Investments of pooled cash consist primarily of U.S. government securities, repurchase agreement, and STIP 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 the Dawson County government. Because of the custodial involvement of the Dawson County government, and the commingling of cash in County deposits in the name of the Dawson County Treasurer, full risk classifications according to GASB 40 are available in the Dawson County's annual report. There is no known maturity and credit rating of the Dawson County Investment Pool.

The cash of the extracurricular funds is held separately by the School District, not at Dawson County. As of June 30, 2014, the deposits in the extracurricular fund were covered by FDIC insurance.

GLENDIVE SCHOOL DISTRICT NO. 1

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

Interest Rate Risk: The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. The School District's investment policy is to hold investments to maturity with the contractual understanding that these investments are low risk, locked in to a guaranteed rate of return, are therefore not impacted significantly by changes in short term interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates all of the School District's investment portfolio is made up of securities whose maturities are less than 10 years.

NOTE 3. TAXES RECEIVABLE

The assessed value of the roll as of January 1, 2013, upon which the levy for the 2014 fiscal year was based, was \$11,758,799 for the Elementary School District and \$17,480,823 for 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 School Districts follows:

<u>Elementary Fund</u>	<u>Mill Levies</u>	<u>Taxes</u>
		<u>Receivable</u>
General*	136.79	\$ 74,134
Transportation*	30.85	16,069
Bus Depreciation	10.10	3,793
Tuition		50
Technology	1.70	436
Building Reserve	17.01	4,761
<u>High School Fund</u>		
General*	56.08	34,841
Transportation	6.63	3,661
Bus Depreciation	3.46	1,154
Tuition	.16	87
Technology	.57	175
Building Reserve	5.72	2,093
Total	<u>269.07</u>	<u>\$ 141,254</u>

* Denotes Major Funds

NOTE 4. DUE FROM OTHER GOVERNMENTS

<u>Elementary Fund</u>	<u>Amount</u>	<u>Due From</u>	<u>Reason</u>
Miscellaneous*	\$ 1,414	State of MT	PESA - G & T roll out
Miscellaneous*	1,979	State of MT	Safe routes to school
Miscellaneous*	11,587	State of MT	Title II
Miscellaneous*	65,102	State of MT	Title I Part A
Total	<u>\$ 80,082</u>		

* Denotes Major Funds

NOTE 5. CAPITAL ASSETS, DEPRECIATION AND NET CAPITAL ASSETS

5. 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>Adjustments/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Non-depreciable:</u>					
Land	<u>\$ 14,950</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,950</u>
<u>Depreciable:</u>					
Buildings	\$ 7,623,481	\$ 0	\$ 0	\$ (83,510)	\$ 7,539,971
Improvements other than buildings	684,193	665,664	256,890	272,239	1,365,206
Machinery and equipment	2,839,149	362,600	362,870	(188,729)	2,650,150
Total Depreciable	<u>\$ 11,146,823</u>	<u>\$ 1,028,264</u>	<u>\$ 619,760</u>	<u>\$ 0</u>	<u>\$ 11,555,327</u>

GLENDIVE SCHOOL DISTRICT NO. 1

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

<u>Governmental Activities:</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Accumulated Depreciation:</u>					
Buildings	\$ (5,063,042)	\$ (170,324)	\$ 0	\$ 16,431	\$ (5,216,935)
Improvements other than buildings	(504,652)	(25,526)	(201,776)	(122,353)	(450,755)
Machinery and equipment	(2,114,814)	(102,190)	(339,229)	105,922	(1,771,853)
Total Depreciation	<u>\$ (7,682,508)</u>	<u>\$ (298,040)</u>	<u>\$ (541,005)</u>	<u>\$ 0</u>	<u>\$ (7,439,543)</u>
Net Depreciable Assets	<u>3,464,315</u>	<u>730,224</u>	<u>78,755</u>	<u>0</u>	<u>4,115,784</u>
Net General Capital Assets	<u>\$ 3,479,265</u>	<u>\$ 730,224</u>	<u>\$ 78,755</u>	<u>\$ 0</u>	<u>\$ 4,130,734</u>

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

<u>Function</u>	<u>Amount</u>
Instructional	\$ 11,980
Transportation	48,653
School Food	2,202
Unallocated	235,205
Total Depreciation Expense	<u>\$ 298,040</u>

NOTE 6. CURRENT LIABILITIES

6. a. GRANTS RECEIVED IN ADVANCE

<u>High School Fund</u>	<u>Amount</u>	<u>Received From</u>	<u>Reason</u>
Miscellaneous*	\$ 1,381	State of MT	JMG grant
Miscellaneous*	3,500	State of MT	Graduation matters grant
Total	<u>\$ 4,881</u>		

* Denotes Major Funds

NOTE 7. CHANGES IN LONG-TERM DEBT

7. 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>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due within</u> <u>One Year</u>
<u>Other Liabilities:</u>					
Compensated Absences	\$ 378,316	\$ 0	\$ 879	\$ 377,437	\$ 48,605

NOTE 8. PRIOR PERIOD ADJUSTMENTS

<u>Elementary Fund</u>	<u>Amount</u>	<u>REASON</u>
General*	\$ 183,461	El flexibility fund included as general
Flexibility	(183,461)	El flexibility fund included as general
General*	10,000	El inter-local agreement included as general
Inter-local Agreement	(10,000)	El inter-local agreement included as general
<u>High School Fund</u>		
General*	233,500	HS flexibility fund included as general
Flexibility	(233,500)	HS flexibility fund included as general
Total	<u>\$ 0</u>	

* Denotes Major Funds

GLENDIVE SCHOOL DISTRICT NO. 1

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

NOTE 9. DEFERRED INFLOWS OF RESOURCES

9. a. PROPERTY TAXES

<u>Elementary Fund</u>	<u>Amount</u>	<u>Reason</u>
General*	\$ 74,134	Taxes Receivable
Transportation*	16,069	Taxes Receivable
Bus Depreciation	3,793	Taxes Receivable
Tuition	50	Taxes Receivable
Technology	436	Taxes Receivable
Building Reserve	4,761	Taxes Receivable
<u>High School Fund</u>		
General*	34,841	Taxes Receivable
Transportation	3,661	Taxes Receivable
Bus Depreciation	1,154	Taxes Receivable
Tuition	87	Taxes Receivable
Technology	175	Taxes Receivable
Building Reserve	<u>2,093</u>	Taxes Receivable
Total	<u>\$ 141,254</u>	

* Denotes Major Funds

NOTE 10. TRANSFERS

<u>Elementary Fund - From</u>	<u>Amount</u>	<u>Elementary Fund - To</u>
General*	\$ 9,830	El Compensated absences fund - allowable transfer
<u>High School Fund - From</u>		<u>High School Fund - To</u>
Transportation	<u>41,000</u>	El transportation fund - allowable transfer
Total	<u>\$ 50,830</u>	

* Denotes Major Funds

NOTE 11. OTHER POST EMPLOYMENT BENEFITS

The School District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. The School District uses a single premium for both active and retired employees resulting in an implicit rate subsidy (the older retiree benefits from the School District's blended premium). The School District has not recorded a liability for the implicit rate subsidy as based on an analysis of the cost it is not material to the School District's financial statements. At June 30, 2014 the School District had no retired employees on the group insurance plan.

NOTE 12. OTHER COMMITMENTS

12. a. 1 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>Elementary Fund</u>	<u>Amount</u>
General*	\$ 417,835
<u>High School Fund</u>	
General*	<u>146,105</u>
Total	<u>\$ 563,490</u>

* Denotes Major Funds

GLENDIVE SCHOOL DISTRICT NO. 1

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

NOTE 13. 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 accessed. 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 14. 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
P.O. Box 200139
1500 Sixth Avenue
Helena, MT 59620-0139
Phone: 406-444-3134
www.trs.doa.state.mt.us

Public Employees Retirement System
P.O. Box 200131
1712 Ninth Avenue
Helena, MT 59620-0131
Phone: 406-444-3154
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	\$ 877,967	\$ 959,358	\$ 1,102,368
PERS	<u>156,607</u>	<u>143,107</u>	<u>165,763</u>
Total	<u>\$ 1,010,816</u>	<u>\$ 1,027,465</u>	<u>\$ 1,268,131</u>

GLENDIVE SCHOOL DISTRICT NO. 1

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

NOTE 15. CONSORTIUM

The Glendive School District No. 1 is a member of the Prairie View Curriculum Consortium, an organization that provides curriculum and teacher training to member schools. The financial records of the Consortium are prepared and maintained by the Consortium Clerk. The financial records of the Consortium are separate from those of Glendive School District No. 1, and the financial statements of the Consortium are not included in the School Districts financial statements. The Consortium's financial statements are audited separately from those of the District. All revenue received, including Federal, State, or other types of grant payments, and the financial support provided by each of the Consortium's members are deposited into the Consortium's funds which are maintained in the custody of the Dawson County Treasurer. All fixed assets of the Consortium are included in the Consortium's financial statements.

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

NOTE 16. SUBSEQUENT REPORTABLE EVENTS

July 14, 2014 - Board approved purchase of 3 manufactured homes for 55,233 each, totaling 165,699 for teacher housing.

NOTE 17. PENDING OR THREATENED LITIGATION

Glendive Education Association vs. Glendive School District No. 1. – Potential damages and probability of loss are not stated.

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)			Transportation (Elem.)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ 1,608,360	\$ 1,608,360	\$ 1,592,663	\$ 362,739	\$ 362,739	\$ 359,078
Interest	8,036	8,036	8,840	-	-	1,540
Charges for Services	-	-	7,390	-	-	-
Other	6,300	6,300	-	-	-	-
County	-	-	-	38,553	38,553	36,650
State	4,297,895	4,297,895	4,298,162	51,643	51,643	49,741
Total Revenues	5,920,591	5,920,591	5,907,055	452,935	452,935	447,009
EXPENDITURES:						
Current						
Instructional Services			3,599,406	-	-	-
Support Services			369,495	-	-	-
Educational Media Services			291,282	-	-	-
General Administrative Services			573,196	62,211	62,211	62,211
Operation & Maintenance Services			858,810	13,247	13,247	13,247
Transportation Services			8,131	505,292	505,292	375,973
Extracurricular			86,876	-	-	-
Total Current Outlays			5,787,196	580,750	580,750	451,431
Capital Outlay			123,565	-	-	-
Total Expenditures	5,920,591	5,920,591	5,910,761	580,750	580,750	451,431
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(3,706)	(127,815)	(127,815)	(4,422)
OTHER FINANCING SOURCES/USES						
Fund Transfers In	-	-	-	-	-	41,000
Fund Transfers (Out)	-	-	(9,830)	-	-	-
Total Other financial Sources/Uses	-	-	(9,830)	-	-	41,000
NET CHANGES IN FUND BALANCES	-	-	(13,536)	(127,815)	(127,815)	36,578
FUND BALANCE:						
Beginning of the Year			546,308			243,966
End of the Year			<u>\$ 532,772</u>			<u>\$ 280,544</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

	General (HS)			Flexibility Fund (Elem.)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	\$ 980,127	\$ 980,127	\$ 969,128	\$ -	\$ -	\$ -
Interest	3,454	3,454	2,749	-	-	1,721
Charges for Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
County	-	-	-	-	-	-
State	1,849,910	1,849,910	1,862,583	177,539	177,539	141,374
Total Revenues	<u>2,833,491</u>	<u>2,833,491</u>	<u>2,834,460</u>	<u>177,539</u>	<u>177,539</u>	<u>143,095</u>
EXPENDITURES:						
Current						
Instructional Services			1,457,557	320,284	320,284	25,766
Support Services			107,486	-	-	-
Educational Media Services			153,464	40,716	40,716	40,716
General Administrative Services			346,056	-	-	-
Operation & Maintenance Services			501,742	-	-	-
Transportation Services			24,741	-	-	-
Extracurricular			224,697	-	-	-
Total Current Outlays			<u>2,815,743</u>	<u>361,000</u>	<u>361,000</u>	<u>66,482</u>
Capital Outlay			17,748	-	-	-
Total Expenditures	<u>2,833,491</u>	<u>2,833,491</u>	<u>2,833,491</u>	<u>361,000</u>	<u>361,000</u>	<u>66,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>-</u>	<u>-</u>	<u>969</u>	<u>(183,461)</u>	<u>(183,461)</u>	<u>76,613</u>
OTHER FINANCING SOURCES/USES						
Fund Transfers In	-	-	-	-	-	-
Fund Transfers (Out)	-	-	-	-	-	-
Total Other financial Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES						
	<u>-</u>	<u>-</u>	<u>969</u>	<u>(183,461)</u>	<u>(183,461)</u>	<u>76,613</u>
FUND BALANCE:						
Beginning of the Year			<u>283,878</u>			<u>183,461</u>
End of the Year			<u>\$ 284,847</u>			<u>\$ 260,074</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

<u>Flexibility Fund (HS)</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES:			
District Levies	\$ -	\$ -	\$ -
Interest	-	-	2,147
Charges for Services	-	-	-
Other	-	-	-
County	-	-	-
State	<u>141,500</u>	<u>141,500</u>	<u>177,839</u>
Total Revenues	<u>141,500</u>	<u>141,500</u>	<u>179,986</u>
EXPENDITURES:			
Current			
Instructional Services	319,621	319,621	3,078
Support Services	-	-	-
Educational Media Services	40,716	40,716	40,716
General Administrative Services	-	-	-
Operation & Maintenance Services	14,663	14,663	14,663
Transportation Services	-	-	-
Extracurricular	-	-	-
Total Current Outlays	<u>375,000</u>	<u>375,000</u>	<u>58,457</u>
Capital Outlay	-	-	-
Total Expenditures	<u>375,000</u>	<u>375,000</u>	<u>58,457</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(233,500)</u>	<u>(233,500)</u>	<u>121,529</u>
OTHER FINANCING SOURCES/USES			
Fund Transfers In	-	-	-
Fund Transfers (Out)	-	-	-
Total Other financial Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>(233,500)</u>	<u>(233,500)</u>	<u>121,529</u>
FUND BALANCE:			
Beginning of the Year			<u>233,500</u>
End of the Year			<u>\$ 355,029</u>

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

GLENDIVE SCHOOL DISTRICT NO. 1

NOTES TO BUDGET TO ACTUAL SCHEDULES
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 budgeted capital project funds (Building Reserve). 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 miscellaneous is not included because it is a non-budgeted fund.

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 original budget was not amended so the original budget and the final budget are the same.

GLENDIVE SCHOOL DISTRICT NO. 1

NOTES TO BUDGET TO ACTUAL SCHEDULES (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 (EI)</u>	<u>Sub-fund General Fund (HS)</u>	<u>Sub-fund Flexibility Fund (EI)</u>	<u>Sub-fund Flexibility Fund (HS)</u>	<u>Sub-fund Inter-local Agreement Fund</u>	<u>Total General Fund</u>
REVENUES:						
District Levies	\$ 1,592,663	\$ 969,128	\$ 0	\$ 0	\$ 0	\$ 2,561,791
Interest Earnings	8,840	2,749	1,721	2,147	25	15,482
State Sources	4,298,162	1,862,583	141,374	177,839	0	6,479,958
Charge For Services	7,390	0	0	0	0	7,390
Total Revenues	<u>\$ 5,907,055</u>	<u>\$ 2,834,460</u>	<u>\$ 143,095</u>	<u>\$ 179,986</u>	<u>\$ 25</u>	<u>\$ 9,064,621</u>
EXPENDITURES:						
Instructional Services	3,478,101	1,435,312	25,766	3,078	0	4,942,257
Support Services	369,495	107,486	0	0	0	476,981
Educational Media	291,282	153,464	40,716	40,716	0	526,178
General Administrative	573,196	346,056	0	0	0	919,252
Operation & Maintenance	858,810	501,742	0	14,663	0	1,375,215
Transportation	8,131	24,741	0	0	0	32,872
Extracurricular	86,876	224,697	0	0	0	311,573
Total Current Outlays	5,665,891	2,793,498	66,482	58,457	0	8,584,328
Capital Outlays	122,336	17,748	0	0	0	140,084
Total Expenditures	<u>\$ 5,788,227</u>	<u>\$ 2,811,246</u>	<u>\$ 66,482</u>	<u>\$ 58,457</u>	<u>\$ 0</u>	<u>\$ 8,724,412</u>
Excess (Deficiency) of Revenues Over Expenditures	118,828	23,214	76,613	121,529	25	340,209
Fund Transfer (Out)	(9,830)	0	0	0	0	(9,830)
Net Changes In Fund Balance	108,998	23,214	76,613	121,529	25	330,379
FUND BALANCE:						
Beginning of the Year	841,609	407,738	0	0	0	1,249,347
Prior Period Adjustment	0	0	183,461	233,500	10,000	426,961
Ending of the Year	<u>950,607</u>	<u>430,952</u>	<u>260,074</u>	<u>355,029</u>	<u>10,025</u>	<u>2,006,687</u>

The fund balances of the elementary and high school general funds displayed above is different than the one displayed on the Schedule of Revenues, Expenditures, and Changes in Fund Balance (Budget and Actual) by \$417,835 and \$146,105 respectively. This is due to the reserve for encumbrances. Encumbrances are not included as expenditures above as they do not meet the GAAP definition of expenditures. The District reports encumbrances at year end as budgeted expenditures and displays these amounts as assigned or restricted fund balances, as applicable.

In the reconciliation the general fund, flexibility fund, and inter-local agreement 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 and inter-local agreement fund are 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. The following major funds are not reported because the inter-local agreement fund is a non-budgeted special revenue fund.

GLENDIVE SCHOOL DISTRICT NO. 1
Schedule of Revenues, Expenses and Balances
Student Activity Funds
Fiscal Year-Ended June 30, 2014

Activity Account Name	Beginning Balance	Revenues	Expenses	Transfers	Ending Balance
ATHLETICS	21,861	81,959	88,636	1,326	16,510
CLASS OF 2015	1,697	3,986	2,687	(420)	2,575
CLASS OF 2011	679	-	-	-	679
CLASSOF 2012	2,511	-	215	-	2,296
CLASS OF 2013	2,954	-	320	(127)	2,507
CLASS OF 2014	4,186	1,007	1,057	(883)	3,253
CLASS OF 2016	2,021	-	36	(300)	1,685
CLASS OF 2017	-	7,043	4,104	(300)	2,639
CHEERLEADERS	2,243	2,225	4,920	(120)	(572)
BAND	1,837	1,547	1,796	264	1,851
CHOIR	9,790	7,636	11,384	1,124	7,166
DEVILS ILLUSTRATED	7,535	-	-	-	7,535
DAWSONIAN	4,172	4,757	7,665	6,000	7,264
DECA	343	-	-	-	343
DRAMA CLUB	3,124	2,284	872	112	4,648
DAWSETTES	-	3,171	-	-	3,171
FCCLA	720	-	534	150	336
FACS	1,291	1,445	214	-	2,522
FORENSICS	1,503	1,274	567	642	2,852
INTERNATIONAL CLUB	-	185	185	-	-
KEY CLUB	4,228	12,183	15,173	830	2,068
NATIONAL HONOR SOCIETY	3,473	1,369	3,326	(10)	1,506
INTERACT	675	834	811	(60)	638
STUDENT COUNCIL	3,974	3,852	4,028	(300)	3,498
VARSITY CLUB	17,058	9,038	4,896	-	21,199
Z-CLUB	7,737	3,940	2,873	(230)	8,573
JMG	1,942	-	-	-	1,942
POP ACCOUNT	545	1,092	1,065	-	572
A/V-LIBR MUSIC	139	-	-	-	139
RAINBOW CONN-TI	1,071	-	1,070	-	1
ACTIVITY BUS ACCOUNT	5,056	240	1,301	1,763	5,758
ACTIVITY TICKETS	206	6,847	-	(6,979)	74
ART RESALE	3,364	-	-	-	3,364
INDUSTRIAL ARTS	190	-	-	-	190
STUDENT PROGRAMS/GEN	6,524	2,649	7,410	1,928	3,691
RESALE	9,720	805	-	-	10,525
FINES	3,451	3,303	5,136	(60)	1,558
TRADING CARDS	25	-	-	-	25
CONCESSIONS ACCOUNT	7,167	47,948	31,422	(4,450)	19,243
ACTIVITIES AWARDS	2,447	-	189	-	2,259
DCHS TOURNEY ACCOUNT	11,552	4,832	7,886	100	8,598

GLENDIVE SCHOOL DISTRICT NO. 1

Schedule of Revenues, Exxpenses and Balances Expendable Trust - Student Activity Funds

Fiscal Year Ended June 30, 2014

ANNUAL	25	4,191	3,715	(50)	451
ATHLETICS	19,889	10,638	6,522	(4,488)	19,517
COMPUTER	1,449	-	-	-	1,449
JEFFERSON	18,061	10,433	21,888	4,538	11,144
LINCOLN	22,331	8,815	9,182	-	21,964
MISC RESALE	1,237	1,381	1,429	(197)	992
NJHS	1,368	7,296	7,354	197	1,507
PEP CLUB	276	-	249	-	27
STUDENT COUNCIL	2,152	16,991	11,907	-	7,236
TIP	183	249	338	-	94
Total	\$ 225,982	\$ 277,443	\$ 274,364	\$ -	\$ 229,061

GLENDIVE SCHOOL DISTRICT NO. 1

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 Full	115	115	0
Grade 1 - 6	560	560	0
Grade 7 - 8	<u>212</u>	<u>212</u>	<u>0</u>
Total	<u>887</u>	<u>887</u>	<u>0</u>
High School			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	<u>329</u>	<u>329</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	<u>0</u>	<u>0</u>	<u>0</u>
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 Full	121	121	0
Grade 1 - 6	565	565	0
Grade 7 - 8	<u>211</u>	<u>211</u>	<u>0</u>
Total	<u>897</u>	<u>897</u>	<u>0</u>
High School			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	<u>328</u>	<u>328</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	<u>0</u>	<u>0</u>	<u>0</u>
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	124	124	0
Grade 1 - 6	569	569	0
Grade 7 - 8	<u>211</u>	<u>211</u>	<u>0</u>
Total	<u>904</u>	<u>904</u>	<u>0</u>
High School			
	<u>Reported</u>	<u>Audited</u>	<u>Variance</u>
Grade 9 - 12	<u>316</u>	<u>316</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	<u>0</u>	<u>0</u>	<u>0</u>
Total Part-time	<u>0</u>	<u>0</u>	<u>0</u>
19 year olds	<u>0</u>	<u>0</u>	<u>0</u>

Glendive School District No. 1
 Dawson County
 Glendive, MT 59330

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION:		
National School Lunch Program (Donated Food) (fn2)	10.555	38,366
National School Lunch Program (fn1)	10.555	<u>204,716</u>
Total U.S. Department of Agriculture		<u>\$ 243,082</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION:		
Title I Grants to Local Education Agencies - Part A, Improving Basic Programs	84.010	158,155
IDEA Part B	84.027	227,184
IDEA Preschool	84.173	10,677
Improving Teacher Quality State Grants	84.367	102,760
Carl Perkins	84.048	16,345
Gear Up	84.334	<u>470</u>
Total U.S. Department of Education		<u>\$ 515,591</u>
Total Federal Financial Assistance		<u>\$ 758,673</u>

The accompanying notes to the SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS are an integral part of this schedule.

GLENDIVE SCHOOL DISTRICT NO. 1

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year-Ended June 30, 2014

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Glendive School District No. 1 under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Glendive School District No. 1, it is not intended to and does not present the financial position, changes in net assets or cash flows of Glendive School District No. 1.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as used in the governmental financial statements. Pass-through entity identifying numbers are presented where available

NOTE 3. FOOTNOTES

Fn1 – No separate funds or accounts maintained, the School District assumes first in first out for program money.
Fn2 – The value of commodities (revenues, expenses or inventory) are noted in the basic financial statements
N/A – Not applicable/ available

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
Glendive School District No. 1
Dawson County
Glendive, MT 59330

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 Glendive School District No. 1 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Glendive School District No. 1's basic financial statements and have issued our report thereon dated March 11, 2015. Our opinion on the financial statements were qualified due to management not adopting a methodology for reporting a liability and a related expense for Other Post-Employment Benefits (OPEB) in the governmental activities. Accounting principles generally accepted in the United States of America require OPEB financial reporting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Glendive School District No. 1'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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glendive School District No. 1'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Glendive School District No. 1's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. [Insert name of document containing management's response if other than the schedule of findings and questioned costs] 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, PC
Billings, Montana
March 11, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Glendive School District No. 1
Dawson County
Glendive, MT 59330

Report on Compliance for Each Major Federal Program

We have audited Glendive School District No. 1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Glendive School District No. 1's major federal programs for the year ended June 30, 2014. Glendive School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Glendive School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Glendive School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Glendive School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Glendive School District No. 1's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Glendive School District No. 1, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Glendive School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Glendive School District No. 1's internal control over compliance.

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

Purpose of this Report

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

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
March 11, 2015

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor, Strom & Associates, PC, has issued a qualified opinion on School District No. 1's financial statements as of and for the year ended June 30, 2014.
2. Our audit disclosed no significant deficiencies in internal controls and none that are considered to be material weaknesses relating to internal controls over financial reporting and its operation.
3. Our audit disclosed an issue noted as finding 2014-001 below of noncompliance which was material to the financial statements of School District No. 1.
4. Our audit disclosed no significant deficiencies that are considered to be material weaknesses relating to internal controls over major federal awards programs.
5. The auditor, Strom & Associates, PC, has issued an unmodified opinion on School District No. 1's compliance with major federal awards programs as of and for the year ended June 30, 2014.
6. The audit disclosed no audit findings which are required to be reported under section .510 of OMB Circular A-133.
7. The major programs for Glendive School District No. 1 for the year ended June 30, 2012 was

CFDA Number	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
84.010	Title I, Part A
8. The threshold used to distinguish between Type A and type B programs was \$300,000. Glendive School District No. 1 has no programs identified as Type A programs.
9. This School District does not qualify as a low risk audit client.

- B. Findings relating to the financial statements which are required to be reported in accordance with "Governmental Auditing Standards.

FINDING NUMBER 2013-1 - FINANCIAL STATEMENT PREPARATION (Repeat finding from 2012):

This was not a finding in fiscal year 2014.

FINDING NUMBER 2014-001 OTHER POST EMPLOYMENT BENEFITS (Repeat finding from FY 2010-2013):

Criteria:

The auditing standard, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions (Statement 45), is applicable for the fiscal year under audit. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosure, and, if applicable, require supplementary information (RSI) in the financial reports of state and local governmental employers. The School District has not recorded the other post employment benefit liability and the related expense.

Condition:

U.S. Generally accepted accounting principles require the OPEB liability and related expense be recorded in the financial statements.

Cause:

The District did not engage an actuarial firm to assist in determining the OPEB liability and related expense as of and for the year ended June 30, 2013. Effect: The governmental activities fund liabilities are understated, net position are overstated and expenses are understated.

Context:

The amount of the OPEB cannot be determined at this time, however it is believed that the amount would be material to the financial statements.

Recommendation:

We recommend that management and the board of trustees consider the cost/benefit of contracting an actuary for the calculation of the OPEB on an annual basis.

Management Response:

Management and the Board of Trustees do not believe the cost of contracting for the calculation of the other post employment benefits is worth the benefit. Due to budget constraints. The District is unable to comply.

C. Findings and questioned costs for Federal awards, as defined in section .510 (a) of OMB Circular A-133.

The audit disclosed no findings or questioned costs relating to federal awards as defined in section .510 (a) of OMB Circular A-133 in the prior audit report or for the fiscal year ended June 30, 2014.