

Independent Auditor's Report and  
Financial Statements

**Roundup School Districts No. 55 and 55H**

Musselshell County  
Roundup, Montana  
June 30, 2014

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June 30, 2014

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June 30,

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## ORGANIZATION

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### BOARD OF TRUSTEES AND OFFICIALS

June 30, 2014

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#### BOARD OF TRUSTEES

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Jim Webber	Chairman
Tom Vandenberg	Vice Chairman
Dwane Snook	Trustee
Tanna Turley	Trustee
Chris Brewer	Trustee
Bredna Serrano	Trustee

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#### OFFICIALS

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Chad Sealey	District Superintendent
Carmen Eiselein	District Clerk
Kent Sipe	County Attorney
Mary Nelson	County Superintendent of Schools



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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June 30, 2014

The Superintendent and Business Manager/Clerk of the Roundup School District have provided this MD&A to give the reader of these statements an overview of the financial position and activities of the school district for the year covered by this audit report. Please read it along with the financial statements which begin on page 11.

### FINANCIAL HIGHLIGHTS

The high school district 55H increased its budget from \$1.491 million to \$1.558 million. For the first time in a number of years, District 55H did not use the three-year average ANB but used current year data as the number of enrolled students in the high school has increased. The increase in budget is due to an increase in enrollment and legislative action which increased funding for ANB and basic entitlements. The elementary district #55 increased its budget from \$2.651 million to \$2.753 million due to legislative action which increased funding for ANB and basic entitlements despite having to use the three-year average in the elementary as our current enrollment is slightly down from previous years. Enrollment figures will continue to fluctuate and are difficult to predict. Obviously, enrollment plays a huge roll in state funding.

Negotiations with staff have gone well but are strained due to the fact that 80-85% of our budgets are tied up in salaries and benefits, leaving little for anything else. The districts have completed the first year in the current three-year building reserve levy. The levies were for \$75,000 per year for three years in both the elementary and high school districts to allow us to perform building maintenance and purchase and maintain technology equipment. Our buildings are very old and in dire need of constant repairs, some of them will require major undertakings, and technology continually needs to be updated and/or maintained. The money from the building reserves is being used to take care of some of these needs and offset needs in the general fund. The new school project costs, modular classroom lease/purchase, architect's services, gym floor refinishing, community center gym floor cover, roof repairs, consulting services, cooling system, dust collection system, purchasing technology equipment/hardware/software, electrical upgrades, building repairs and maintenance, and school planning are some of the supplies, services and/or projects that will be or have been purchased or undertaken with these dollars.

### USING THIS ANNUAL REPORT

This annual report consists of financial statements for the District as a whole with more detailed information for certain District funds. The Statement of Net Position and the Statement of Activities (pages 11 and 12) provide information about the activities of the District as a whole and present a long-term view of the District's finances (they include capital assets and long-term liabilities).

Fund financial statements (page 13 and 15) present a short-term view of the District's activities. They include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future. Generally accepted accounting principles require that only major funds are disclosed in these financial statements. These statements provide detailed information about the District's general and transportation funds. Also attached are summarized financial reports about the student activity fund which the District oversees.



### REPORTING THE SCHOOL DISTRICT AS A WHOLE

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

- A. **The Statement of Net Position** (page 11) shows the “assets” (which is owned), “liabilities” (which is owed) and the “net assets” (the resource that would remain if all obligation were settled) of the school district. The statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in “fixed” or “capital” assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budget of the following year.
- B. **The Statement of Activities**, (page 12) shows the amounts of program-specific and general school district revenues used to support the school district’s various functions.

The Statement of Net Position and the Statement of Activities divide the activities of the school district into one category:

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

### REPORTING THE DISTRICT’S MOST SIGNIFICANT FUNDS

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

The fund statements report balances and activities of the most significant, or “major” funds separately and combine the activities of less significant funds under a single category. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the school district’s operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

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



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### **REPORTING THE DISTRICT'S TRUST AND FIDUCIARY RESPONSIBILITIES**

The district is the trustee, or fiduciary, for: Extracurricular and Scholarship Fund. This report includes the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position (page 17) because the district cannot use these assets to fund its operations. The district is responsible for ensuring these assets are used for their intended purpose.

### **BUDGET TO ACTUAL COMPARISONS**

The budgetary comparison schedule on page 39 shows how actual expenditures compared to the original and final budgeted expenditures for the major funds. There were no material variances in general funds between budgeted and actual results.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### THE DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the District, assets exceeded liabilities by \$4,525,895 as of June 30, 2014. Investment in capital assets (e.g. land, buildings and improvements, machinery, and equipment) represented 58% of total net assets.

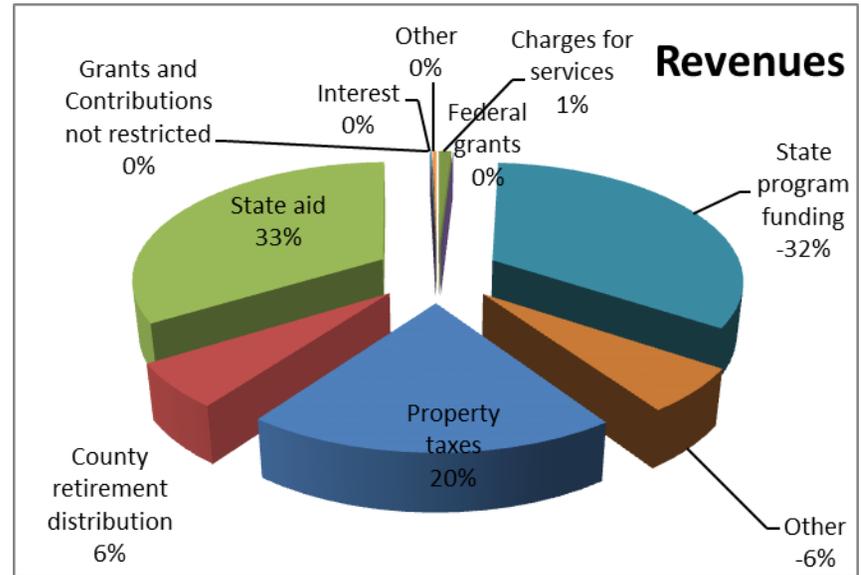
### Statement of Net Position

	<u>2014</u>	<u>2013</u>
<b><u>Net Position:</u></b>		
Current assets	2,825,038	2,796,321
Capital assets - net	<u>2,640,673</u>	<u>2,394,006</u>
Total assets	<u>5,465,711</u>	<u>5,190,327</u>
Current liabilities	82,567	88,499
Non-current liabilities	<u>857,249</u>	<u>776,294</u>
Total liabilities	<u>939,816</u>	<u>864,793</u>
<b><u>Net Position:</u></b>		
Net investment in capital assets	2,626,011	2,394,006
Restricted	1,860,389	2,140,227
Unrestricted	<u>39,495</u>	<u>(208,699)</u>
<b>Total net position</b>	<u><u>4,525,895</u></u>	<u><u>4,325,534</u></u>



**MANAGEMENT’S DISCUSSION AND ANALYSIS**

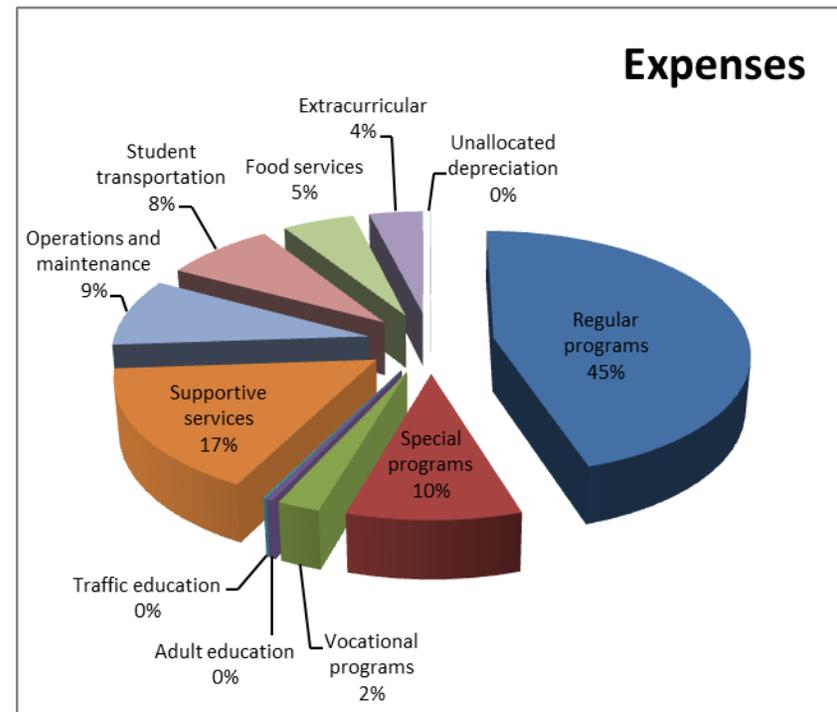
	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	91,191	94,062
Federal grants	597,574	572,056
State program funding	314,100	275,965
Other	86,339	82,896
Total program revenues	<u>1,089,204</u>	<u>1,024,979</u>
General revenues:		
Property taxes	1,862,192	1,366,801
County retirement distribution	568,783	511,322
State aid	3,155,002	2,914,839
Interest	10,495	9,705
Other	29,204	27,877
Total general revenues	<u>5,625,676</u>	<u>4,830,544</u>
<b>Total Revenues</b>	<u><u>6,714,880</u></u>	<u><u>5,855,523</u></u>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Expenses:

	<u>2014</u>	<u>2013</u>
Regular programs	2,936,816	2,559,129
Special programs	621,006	660,969
Vocational programs	154,054	155,571
Adult education	25,007	26,710
Traffic education	8,989	9,397
Supportive services	1,067,563	950,302
Operations and maintenance	583,717	657,313
Student transportation	520,247	455,441
Food services	341,196	281,206
Extracurricular	252,914	224,404
Interest on long-term debt	175	0
Unallocated depreciation	2,835	2,923
<b>Total expenses.</b>	<b><u>6,514,519</u></b>	<b><u>5,983,365</u></b>



The districts total revenues for the fiscal year ended June 30, 2014 were \$6.71 million. The total cost of all programs and services was \$6.51 million, which generated an increase of net assets of approximately \$200,000. District taxpayers paid approximately \$1.86 million of the \$6.71 million in revenue. The remainder was financed through charges for services, operating grants and contributions, other state revenues and investment earnings.

### ANALYSIS OF FINANCIAL INFORMATION

The fund balance of the General Funds increased approximately \$336,000. Overall the fund balance increased due to legislative discussions to increase funding, enrollment increase in the high school, and using the three-year average ANB in the elementary.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### CAPITAL ASSETS

As of June 30, 2014, the District had invested \$5.69 million in capital assets including land, land improvements, buildings, machinery and equipment, and construction in progress. This represents a net increase of \$385,948 prior to depreciation. Total accumulated depreciation expense was \$3,056,208. The following schedule presents capital asset balances net of depreciation for the fiscal year ended.

Land	119,498
Construction In Progress	14,139
Buildings & Improvement	1,887,194
Machinery & Equipment	619,842
<b>Total</b>	<b><u>2,640,673</u></b>

### THE DISTRICT'S FUTURE

The following will be major factors in the future of the District

1. Age of the buildings
2. Economics, coal mine
3. Retirement of staff
4. State funding
5. State and Federal mandates
6. Ability to attract younger staff

### CONTACT FOR ADDITIONAL INFORMATION

If you have questions about this report or need additional information, contact the District Office at the Roundup Public Schools, 700 3<sup>rd</sup> Street West, Roundup, Montana 59072 - 406-323-1507.





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## INDEPENDENT AUDITOR’S REPORT

January 16, 2015

Board of Trustees  
 Roundup School Districts No. 55 and 55H  
 Musselshell County  
 Roundup, Montana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roundup Public School Districts No 55 and 55H, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Roundup Public School Districts No 55 and 55H’s basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

Roundup Public School Districts No. 55 & 55H’s management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Roundup Public School Districts No 55 and 55H, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Schedule of Funding Progress – Other Postemployment Benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roundup Public School Districts No 55 and 55H's basic financial statements. The Extracurricular Activities – Schedule of Cash Receipts, Disbursements and Changes in Net Position, Schedule of Reported Enrollment and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Extracurricular Activities – Schedule of Cash Receipts, Disbursements and Changes in Net Position, 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, Extracurricular Activities – Schedule of Cash Receipts, Disbursements and Changes in Net Position, 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 January 16, 2015 on our consideration of Roundup Public School Districts No 55 and 55H's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roundup Public School Districts No 55 and 55H's internal control over financial reporting and compliance.



Wipfli LLP  
Billings, Montana

## BASIC FINANCIAL STATEMENTS

### Government Wide Financial Statements

#### STATEMENT OF NET POSITION

June 30, 2014

	<u>2014</u>
<b>ASSETS:</b>	
Cash	2,725,296
Taxes receivable	94,880
Due from other governmental agencies	4,862
Capital assets:	
Land	119,498
Other capital assets, net of depreciation	<u>2,521,175</u>
Total capital assets	<u>2,640,673</u>
Total assets	<u>5,465,711</u>
<b>LIABILITIES:</b>	
Accounts payable and accrued expenses	402
Advances from grantors	14,619
Long-term liabilities:	
Due within one year:	
Capital lease	3,990
Compensated absences	63,556
Due in more than one year:	
Capital lease	10,672
Compensated absences	193,986
Other post employment benefits	<u>652,591</u>
Total liabilities	<u>939,816</u>
<b>NET POSITION:</b>	
Net investment in capital assets	2,626,011
Restricted for:	
Other fund activities	1,550,094
Capital projects funds	310,295
Unrestricted	<u>39,495</u>
Total net position	<u>4,525,895</u>

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



## BASIC FINANCIAL STATEMENTS

### STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

	Expenses	Program Revenue		Net (Expense) Revenue
		Charges for Services	Operating Grants	
Primary government				
Instruction:				
Regular Programs	2,936,816	0	389,397	(2,547,419)
Special Programs	621,006	0	223,774	(397,232)
Vocational Programs	154,054	0	0	(154,054)
Adult Education	25,007	1,045	0	(23,962)
Traffic Education	8,989	6,300	3,986	1,297
Supporting Services	1,067,563	0	0	(1,067,563)
Operations & Maintenance	583,717	0	0	(583,717)
Student Transportation	520,247	0	172,679	(347,568)
Food Services	341,196	83,846	208,177	(49,173)
Extracurricular	252,914	0	0	(252,914)
Interest on Long-term debt	175	0	0	(175)
Unallocated Depreciation	2,835	0	0	(2,835)
Total governmental activities	<u>6,514,519</u>	<u>91,191</u>	<u>998,013</u>	<u>(5,425,315)</u>
General revenues:				
Property taxes, levied for general purposes				1,862,192
County Retirement Distribution				568,783
State Aid				3,155,002
Interest				10,495
Miscellaneous				29,204
Total general revenues				<u>5,625,676</u>
Change in net position				200,361
Net position - beginning				<u>4,325,534</u>
Net position - ending				<u>4,525,895</u>

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



## BASIC FINANCIAL STATEMENTS

### Fund Financial Statements

#### BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2014

	<u>General Fund</u>	<u>Elementary Miscellaneous</u>	<u>High School Interlocal Agreement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	886,999	31,701	397,135	1,409,461	2,725,296
Taxes receivable	62,629	0	0	32,251	94,880
Due from other governments	0	0	0	4,862	4,862
Total assets	<u>949,628</u>	<u>31,701</u>	<u>397,135</u>	<u>1,446,574</u>	<u>2,825,038</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	0	402	0	0	402
Advances from grantors	0	14,619	0	0	14,619
Total liabilities	<u>0</u>	<u>15,021</u>	<u>0</u>	<u>0</u>	<u>15,021</u>
Deferred inflows of resources:					
Unavailable tax revenue	62,629	0	0	32,251	94,880
Total deferred inflows of resources	<u>62,629</u>	<u>0</u>	<u>0</u>	<u>32,251</u>	<u>94,880</u>
Fund balances:					
Nonspendable					
Restricted for:					
Other fund activities	0	15,050	397,135	1,099,073	1,511,258
Capital projects funds	0	0	0	310,295	310,295
Assigned for:					
Encumbrances	222,727	1,630	0	4,955	229,312
Unassigned	664,272	0	0	0	664,272
Total fund balances	<u>886,999</u>	<u>16,680</u>	<u>397,135</u>	<u>1,414,323</u>	<u>2,715,137</u>
Total liabilities, deferred inflows of resources and fund balances	<u>949,628</u>	<u>31,701</u>	<u>397,135</u>	<u>1,446,574</u>	<u>2,825,038</u>

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



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## BASIC FINANCIAL STATEMENTS

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### RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION

June 30, 2014

Total fund balance, governmental funds 2,715,137

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 2,640,673

Property taxes receivable that are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 94,880

Some liabilities, (such as Compensated Absences and Other Postemployment Benefits), are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. (924,795)

Net Position of Governmental Activities in the Statement of Net Position 4,525,895

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

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## BASIC FINANCIAL STATEMENTS

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

	General Fund	Elementary Miscellaneous	High School Interlocal Agreement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes for General Purposes	1,218,211	0	0	637,860	1,856,071
Tuition	1,269	0	0	91,191	92,460
Intergovernmental:					
County	0	0	0	655,122	655,122
State	3,247,923	70,325	0	149,585	3,467,833
Federal	0	364,632	0	24,765	389,397
Interest on Investments	3,273	0	1,674	5,547	10,494
Food Services	0	0	0	208,177	208,177
Other	1,946	0	0	27,259	29,205
Total revenues	<u>4,472,622</u>	<u>434,957</u>	<u>1,674</u>	<u>1,799,506</u>	<u>6,708,759</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	2,520,513	449,800	58,513	611,016	3,639,842
Supporting Services	695,369	0	0	311,680	1,007,049
Operations and Maintenance	468,595	0	0	37,530	506,125
Student Transportation	62,571	320	0	378,914	441,805
Food Services	19,539	0	0	321,071	340,610
Extracurricular	226,240	0	0	23,283	249,523
Capital Outlay	68,790	0	0	367,797	436,587
Debt Service	0	0	0	3,500	3,500
Total Expenditures	<u>4,061,617</u>	<u>450,120</u>	<u>58,513</u>	<u>2,054,791</u>	<u>6,625,041</u>
Excess (deficiency) of revenues over expenditures	411,005	(15,163)	(56,839)	(255,285)	83,718
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers in	0	0	75,000	0	75,000
Operating Transfers out	(75,000)	0	0	0	(75,000)
Total other financing sources and uses	<u>(75,000)</u>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>0</u>
Net change in fund balances	336,005	(15,163)	18,161	(255,285)	83,718
Fund balances - beginning	<u>550,994</u>	<u>31,843</u>	<u>378,974</u>	<u>1,669,608</u>	<u>2,631,419</u>
Fund balances - ending	<u><u>886,999</u></u>	<u><u>16,680</u></u>	<u><u>397,135</u></u>	<u><u>1,414,323</u></u>	<u><u>2,715,137</u></u>

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



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## BASIC FINANCIAL STATEMENTS

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### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES.

For the year Ended June 30, 2014

Net change in fund balances - total governmental funds:	83,718
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	(207,907)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	6,124
Statement of activities report expenses that the governmental funds do not and are not reported as expenditures in the governmental funds:	
Compensated absences expense	(10,495)
Other postemployment benefits	(110,991)
Governmental funds report expenses that the statement of activities do not and are not reported as expenditures in statement of activities:	
Capital outlays, not including capital assets under leases	436,587
Capital lease payments	3,325
Change in net position of governmental activities	<u>200,361</u>

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

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## BASIC FINANCIAL STATEMENTS

### STATEMENT OF FIDUCIARY NET POSITION AND CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2014

	PRIVATE PURPOSE TRUST FUNDS		TOTAL
	STUDENT ACTIVITY FUND	SCHOLARSHIP FUND	
<b>FIDUCIARY NET POSITION</b>			
Assets:			
Cash and Investments	83,327	301,889	385,216
Total Assets	<u>83,327</u>	<u>301,889</u>	<u>385,216</u>
Net Position:			
Held in Trust for Student Activities	83,327	301,887	385,214
Total Net Position	<u>83,327</u>	<u>301,887</u>	<u>385,214</u>
<b>CHANGES IN FIDUCIARY NET POSITION</b>			
Additions			
Revenue from Student Activities	264,932	0	264,932
Other Revenues	0	1,250	1,250
Interest	0	10,886	10,886
Dividends	0	7,097	7,097
Increase/(decrease) in fair value	0	26,289	26,289
	<u>264,932</u>	<u>45,522</u>	<u>310,454</u>
Deductions			
Expenses for Student Activities	267,633	0	267,633
Dues and fees	0	6,633	6,633
Scholarships	0	4,150	4,150
	<u>267,633</u>	<u>10,783</u>	<u>278,416</u>
Change in Net Position Held in Trust	(2,701)	34,739	32,038
Net Position, Beginning of Year	<u>86,028</u>	<u>267,148</u>	<u>353,176</u>
Net Position, End of Year	<u>83,327</u>	<u>301,887</u>	<u>385,214</u>

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



**NOTES TO FINANCIAL STATEMENTS****For the Year Ended June 30, 2014****Note A. Description of the School District and Reporting Entity****1 Reporting Entity**

Roundup School Districts No. 55 and 55H were established under Montana law to provide educational services below the college and university level to residents of the District. The District actually consists of two separate legal entities, High School and Elementary districts. Accounting records of both districts must be maintained separately per State Law because of differences in funding and tax base. Yet, both are managed by one central Board of Trustees, elected by the citizens and by a central administration appointed by and responsible to the Board.

The criteria for including organizations within the District's reporting entity are set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity." This statement defines the financial reporting entity as the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such financial accountability that would result in the District being considered a component unit of the entity.

Musselshell County provides substantial services to the District; tax billings, cash collections, debt payments and warrant redemption all flow through the office of the County Treasurer. This office also maintains the District's cash and invests funds at the direction of the District. The County Commissioners have the legal obligation to set levy amounts to finance the budget of the District, as directed by the Board of Trustees. Despite the degree of services rendered, the District has determined that neither Musselshell County nor any other outside agency meets the criteria set forth in the preceding paragraph and therefore, no other agency has been included as a component unit of the District's financial statements.

The District functions in a fiduciary capacity relating to the Student Extracurricular and Scholarship Funds.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014****Note B Summary of Significant Accounting Policies**

The financial statements of Roundup School Districts No. 55 and 55H have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

**1 Basis of Presentation****a. Government Wide Financial Statements**

The Statement of Net Position and the Statement of Activities show information about the overall financial position and activities of the District with the exception of the extracurricular and scholarship funds. The extracurricular fund, which accounts for the extracurricular activities of the District's students, and the scholarship fund, which accounts for scholarship activity, are reported as private purpose trust funds in the Statement of Fiduciary Net Position and Changes in Fiduciary Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or the public who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

**a. Fund Financial Statements**

The District uses funds to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate 'fund types.'



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014**

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds.

**2 Governmental Funds**

The District reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It accounts for resources traditionally associated with government operations which are not required to be accounted for in another fund. The District maintains the General Fund to account for most of the instructional and administrative aspects of the District's operations and to account for repair and maintenance of District property.

**Flex Fund** - The Flex Fund is authorized by section 20-9-505, MCA, for the purpose of accounting for activities of the district in non-operating status. The fund is established through residual equity transfers from all other funds except the debt service fund and the miscellaneous programs fund.

The general fund has been blended with the elementary and high school flex funds on the governmental fund financial statements for financial reporting purposes under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**Elementary Miscellaneous Programs** – The Elementary Miscellaneous Programs Fund is used for the purpose of accounting for local, state or federal grants and reimbursements. Donations and expendable trusts for scholarships or other purposes that support district programs are deposited in this fund.

**High School Interlocal Agreement** – The Interlocal Agreement fund is authorized by Section 20-7-457, 20-9-511, 20-7-801 and 20-9-701, MCA, for the purpose of accounting for revenues and expenditures related to an interlocal agreement between two or more school districts or other local governments.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014****3 Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee capacity for others and are therefore not available to support District programs. The reporting focus is on net position and changes in net position and are reported using generally accepted accounting principles similar to business in the private sector.

The District's fiduciary funds are presented in the statement of fiduciary net position and statement of changes in fiduciary net position by type (private purpose and agency). Because by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

**4 Basis of Accounting and Measurement Focus****a. Government Wide Financial Statements**

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

**b. Fund Financial Statements**

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014**

The District recognizes property taxes as a receivable at the time an enforceable legal claim is established and considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Those revenues susceptible to accrual are property taxes, special assessments, grants, interest revenue, and charges for services. Capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The District reports unavailable tax revenue as deferred inflows of resources and advances from grantors as liabilities on its government-wide Statement of Net Position and on its Balance Sheet – Governmental Funds. Unavailable tax revenues and advances from grantors arise when potential revenue does not meet both the ‘measurable’ and ‘available’ criteria for recognition in the current period. Advances from grantors also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to resources, the deferred inflow of resources for unavailable tax revenue and liability for advances from grantors are removed from the balance sheet and revenue is recognized.

**5 Cash and Investments**

Cash resources of the District for all funds other than the Extracurricular and Scholarship Funds, are combined with cash resources of other school districts within Musselshell County to form a pool of cash and cash equivalents that is managed by the Musselshell County Treasurer. Investments of the pooled cash consist primarily of certificates of deposit and repurchase agreements and are carried at cost, which approximates fair value. Among the instruments which state statutes authorize the District to invest in are direct obligations of the United States government; in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC, FSLIC, or NCUA located in the state; in a repurchase agreement or Montana short-term investment pool. Interest income received as a result of pooling is distributed to the appropriate district utilizing a formula based on the respective district’s previous month’s ending balance of cash and cash equivalents. The County Treasurer then distributes interest income to each fund utilizing a formula based on the fund’s previous month’s ending balance cash and cash equivalents.

The District issues warrants in payment of its obligations. When the warrants are presented to the County Treasurer, the District’s cash balance is reduced to pay the warrant. The cash and warrants payable for the payroll and claims clearing agency funds are netted for reporting purposes.



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## BASIC FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

The cash and warrants payable in the payroll and claims clearing accounts are as follows:

	<u>Payroll Clearing</u>	<u>Claims Clearing</u>
Cash	<u>109,977</u>	<u>94,232</u>
Warrants payable	<u>109,977</u>	<u>94,232</u>

Information regarding the collateral and security for cash and cash equivalents is not available to the District. Montana state statute requires that collateral to secure deposits of public funds be held in direct obligations of the United States government or its agencies.

Extracurricular Fund cash of \$86,596 at June 30, 2014 is held at First Security Bank of Roundup. The account is insured by the FDIC up to \$250,000.

Scholarship Fund cash of \$301,889 at June 30, 2014 is held in various CD's, stocks, money market funds and by the County Treasurer.

#### 6 Capital Assets

Capital assets, including land, buildings, improvements, and equipment, are reported in the government wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or more. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Buildings, improvements, and equipment are depreciated using the straight-line depreciation method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15-50 Years
Machinery and Equipment	5-20 Years



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014****7 Compensated Absences**

All full-time District employees accumulate vacation and/or sick leave hours for later use or for payment upon termination, death or retirement. Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the District will compensate the employees for the benefits through paid time off or some other means. The compensated absences liability fund is used to pay accumulated vacation and/or sick leave of a non-teaching employee upon termination, death, or retirement. Such reserves may not exceed 30% of the district's recorded liability for accumulated sick leave and 30% of accumulated vacation for non-teaching or administrative employees.

**8 Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report 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 District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable tax revenue, is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

**9 Fund Balances**

The Governmental Accounting Standards Board (GASB) has issued Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes and requires the fund balance amounts to be reported within one of the fund balance categories listed below.

**Nonspendable** - Amounts that cannot be spent because they are either (1) not in spendable form (e.g. inventories and prepaid amounts) or (2) legally or contractually required to be maintained intact (e.g. the corpus or principal of a permanent fund).

**Restricted** – Amounts that can be spent only for a specific purpose pursuant to state law, enabling legislation, grant agreement, or donor agreement.



### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

**Committed** – Amounts that can be used only for specific purposes determined by a formal action of the School District’s Board of Trustees (the District’s highest level of decision making authority).

**Assigned** – Amounts that are intended to be used by the government for specific purposes under the direction of the District Clerk by authority granted by the Board of Trustees.

**Unassigned** – The residual classification for the government’s general fund that includes all amounts that are not contained in the other classifications.

It is the District’s policy that for purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. All encumbrances are classified as either Assigned fund balance or Committed fund balance. At June 30, 2014, there were encumbrances of \$222,727 in the General Fund, \$1,630 in the Elementary Miscellaneous Fund and \$4,955 in the Other Governmental funds.

#### 10 Net Position

Net position represents the residual of assets plus deferred outflows less liabilities and deferred inflows. Net investment in capital assets represents net position in the form of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### 11 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014****12 Date of Management Review**

Management has evaluated the activities and transactions subsequent to June 30, 2014, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2014. Management has performed this analysis through January 16, 2015, the date the financial statements were available to be issued.

**Note C Property Taxes**

Property taxes are collected by Musselshell County who remits to the District their respective share of the collections. The 2013 property tax levy, which was perfected and became a receivable in October 2013, was levied to finance District operations during the year ended June 30, 2014. The tax levy was collectible in November 2013 and May 2014. As of May 31, 2014, uncollected property taxes became delinquent. Property taxes are attached as an enforceable lien on the underlying property. After a period of three years, Musselshell County, the collecting agent, may begin foreclosure proceedings and sell the property at auction. The District receives its share of the sale proceeds from Musselshell County.

All property taxes are recognized in compliance with GASB Interpretation “Property Tax Revenue Recognition in Government Funds,” which states that such revenue is recorded when it becomes measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.



## BASIC FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

#### Note D Capital Assets

A summary of changes in capital assets for the year ended June 30, 2014, is as follows:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2014</u>
CAPITAL ASSETS BEING DEPRECIATED AT COST:					
Buildings and Improvements	3,739,631	188,638	0		3,928,269
Machinery and Equipment	1,451,804	251,797	68,626	0	1,634,975
	<u>5,191,435</u>	<u>440,435</u>	<u>68,626</u>	<u>0</u>	<u>5,563,244</u>
OTHER CAPITAL ASSETS:					
Land	119,498	0	0	0	119,498
Construction in Progress	0	14,139	0	0	14,139
	<u>5,310,933</u>	<u>454,574</u>	<u>68,626</u>	<u>0</u>	<u>5,696,881</u>
LESS ACCUMULATED DEPRECIATION FOR:					
Buildings and Improvements	1,942,547	98,528	0	0	2,041,075
Machinery and Equipment	974,380	109,379	68,626	0	1,015,133
Total accumulated depreciation	<u>2,916,927</u>	<u>207,907</u>	<u>68,626</u>	<u>0</u>	<u>3,056,208</u>
Total	<u>2,394,006</u>				<u>2,640,673</u>



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## BASIC FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

Depreciation expense was charged to the functions of the District as follows:

Instruction	40,043
General Administration	3,875
Financial Administration	1,143
Operations and Maintenance	77,593
Student Transportation	78,442
Food Services	587
Extracurricular	3,389
Unallocated Depreciation	2,835
Total Depreciation Expense	<u>207,907</u>

#### Note E Long-Term Debt

In August 2013, the District entered in to a lease agreement to purchase a vehicle. The lease is for five years and at the end of the lease the district will own the leased vehicle.

At June 30, 2014, the annual cash flow requirements of the lease principle and interest are as follows:

<u>Year Ending June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2015	3,990	210	3,780
2016	3,990	210	3,780
2017	3,990	210	3,780
2018	2,692	210	2,482
Total	<u>14,662</u>	<u>840</u>	<u>13,822</u>



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## BASIC FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

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

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Compensated absences payable	247,047	10,495	0	257,542	63,556	193,986
Leases payable	0	17,987	3,325	14,662	3,990	10,672
Other postemployment benefits	541,600	110,991	0	652,591	0	652,591
Total	<u>788,647</u>	<u>139,473</u>	<u>3,325</u>	<u>924,795</u>	<u>67,546</u>	<u>857,249</u>

The compensated absences liability will be liquidated by several of the governmental funds.

#### Note F Investments

The District received equity shares through donations to various scholarship funds. Investments are reported at fair value. Securities owned by the school district are traded on a national exchange and valued at the last reported sales price. At June 30, 2014 the fair value of investments held was \$291,335.

Interest Rate Risk: The 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 increasing interest rates.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District currently does not have an investment policy that would limit its investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of a failure of a counterparty (the party that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District currently does not have an investment policy for custodial credit risk. As of June 30, 2014, all of the District's investments are exposed to custodial credit risk.



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## BASIC FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

#### Note G Due From Other Governments

Due from other governments at June 30, 2014, consists of amounts owed to the District from other governmental entities. These consist of the following:

	Amount Due the District
School Food	876
Drivers Education	3,986
	<u>4,862</u>

#### Note H Employee Benefit Plans

##### 1 Plan Description and Provisions

All full-time District employees participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans. Contributions to the two plans are as required by state statute. Information about the two plans is presented below. Total payroll for all District employees for the year ended June 30, 2014, was \$3,647,648.

Public Employees' Retirement System (PERS) - All District employees, except employees who teach on a full-time basis or who are employed in a position in which instructional services are expected to be rendered, are provided pension benefits by a multi-employer plan administered by the State of Montana. Funding is provided by participating units of government and their employees. The District's contribution to this plan for the year ended June 30, 2014 was \$53,308 (7.80% of eligible payroll). The State of Montana contributes .37% of the PERS employees' monthly compensation, which is considered to be an "on behalf" payment. Although not a significant amount, the contribution is a part of the PERS funding policy. The District's contribution to this plan represented less than 1% of total contributions required of all participating employers. Required employee contributions to this plan were \$53,993 (6.90% of eligible payroll for employees hired before July 1, 2011 and 7.90% of eligible payroll for employees hired after July 1, 2011). Total payroll for employees covered by PERS was \$683,452. One hundred percent of the required and additional contributions were made for the current year and the preceding two years. They were \$107,301 \$85,982, and \$88,866, for the fiscal years ending June 30, 2014, 2013 and 2012, respectively.



### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

Participants become eligible for benefits after age 60 and 5 years of service, after age 65 regardless of service, or 30 years of service regardless of age. The benefit is 1/56 of the final compensation for each year of credited service, paid as a modified cash refund annuity. A participant is eligible for early retirement benefits after age 50 and 5 years of service or after 25 years of service regardless of age. Rights become vested after 5 years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State Legislature.

Teacher's Retirement System (TRS) - All District employees who teach on a full-time basis or are employed in a position, in which instructional services are expected to be rendered, are provided pension benefits by a multi-employer plan administered by the State of Montana. Funding is provided by participating units of government and their employees. The District's contribution to this plan for the year ended June 30, 2014 was \$231,154 (8.47% of eligible payroll plus additional contributions). The State of Montana contributes 2.49% of the TRS employees' monthly compensation, which is considered to be an "on behalf" payment. Although not a significant amount, the contribution is a part of the TRS funding policy. The District's contribution to this plan represented less than 1% of total contributions required of all participating employers. Required employee contributions to this plan were \$222,421 (8.15% of eligible payroll plus additional contributions). Total payroll for teaching employees was \$2,729,091. One hundred percent of the required and additional contributions were made for the current year and the preceding two years. They were \$453,575, \$403,015, and \$391,189, for the fiscal years ending June 30, 2014, 2013 and 2012, respectively. Participants become eligible for benefits after age 60 or 25 years of service. The benefit is 1/60 of the final compensation for each year of credited service. A participant is eligible for early retirement, with reduced benefits, after age 50 and 5 years of service. Rights become vested after 5 years of service. The authorities to establish, amend, and provide cost of living adjustments for the plan is assigned to the State Legislature.

The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year-end. It is available from the PERD at 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana 59620-0131, (406) 444-3154.

The TRS financial information is reported in the Teachers' Retirement Board's Actuarial Valuation for the fiscal year end. It is available from the TRB at 1500 E. Sixth Avenue, Helena, Montana 59620-0139, (406) 444-3134.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014****Note I Risk Management**

The District faces a considerable number of risks 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. A variety of methods are used to provide insurance for these risks. A commercial policy with Western States, transferring all risks of loss, except for relatively small deductible amounts, was purchased for property and content damage, employee torts and professional liabilities. Employee medical insurance is provided through Montana Unified School Trust. The District does not carry coverage for environmental damages. The risk of potential loss is low and coverage is not cost beneficial. Finally, the District participates in a statewide public risk pool, Montana School Groups Workers' Compensation Risk Retention Program, a public entity risk pool currently operating as a common risk management and insurance program for the member school districts. The District pays a quarterly premium for its employee injury insurance coverage, which is allocated, to the employer fund based on total paid salaries and wages. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan.

**Note J Resource Transfers**

For the year ended June 30, 2014, resource transfers out of \$23,592, \$5,742, and \$19,402 were made from the Elementary General Fund, High School General Fund, and the Elementary Miscellaneous Programs Fund, respectively, to record a lump sum payment to the Central Montana Learning Resource Center Cooperative for the provision of special education services.



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## BASIC FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

#### Note K Operating Transfers

Operating transfers at June 30, 2014, consisted of the following individual fund transfers in and transfers out:

	Operating Transfers Out	Operating Transfers In
<u>Elementary</u>		
General	50,000	0
Total Elementary	<u>50,000</u>	<u>0</u>
<u>High School</u>		
General	25,000	0
Interlocal Agreement	0	75,000
Total High School	<u>25,000</u>	<u>75,000</u>
Total Transfers	<u><u>75,000</u></u>	<u><u>75,000</u></u>

The Interlocal Agreement fund was established in order to pay for expenditures incurred for the general operation and maintenance across both the Elementary and High School Districts. This authority was granted to the District by the Montana State Legislature as established in Montana Code Annotated Section 20-3-363.

#### Note L Non Monetary Transactions

The District received \$15,996 in USDA Commodities during fiscal year 2014. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as an expense of the fund receiving the commodities.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014****Note M Contingent Liabilities**

The District participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. Such grantor audits of these programs, if any, for or including the year ended June 30, 2014, have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements for those programs if audited by grantor agencies will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**Note N Other Postemployment Benefits (OPEB)****1. Other Postemployment Benefits**

The District provides continuation of medical coverage to its retiring employees. Retirees may elect to continue medical coverage for themselves and their dependents through the District until the retiree's death. The District does not contribute to the health insurance premiums for retirees with the exception of one retiree for whom the District contributes 100% of the medical insurance premiums under the retirement incentive program. Other postemployment benefits arise from the difference in the District's medical insurance cost the retirees are incurring and what they would otherwise be paying on the open market for a similar plan and the cost of the retiree's premiums that are paid 100% by the District. As required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the District has calculated and included a postemployment benefit liability for the year ended June 30, 2014.

**2. Plan Description**

The District maintains a single-employer medical plan. The plan provides defined health insurance for eligible employees, retirees, spouses and dependents. Included in the plan are medical benefits. The plan has options for pre Medicare insurance benefits and for Medicare supplemental insurance benefits. Continued participation in the plan is elected by retirees at the time of retirement.

**3. Funding Policy**

The required contribution for the District is based on a pay-as-go basis using a level percentage of pay amortization method over 30 years.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014****4. Annual OPEB Cost and Net OPEB Obligation**

The District's other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and the changes in the District's net OPEB obligation:

Normal Cost	90,084
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	1,862,132
ARC Adjustment	(158,622)
Interest to June 30, 2014	23,018
Assumption change, per actuary	(1,705,621)
Annual OPEB cost (expense)	<u>110,991</u>
Contributions made	<u>0</u>
Increase in net OPEB obligation	110,991
Net OPEB Obligation July 1, 2013	<u>541,600</u>
Net OPEB Obligation June 30, 2014	<u><u>652,591</u></u>



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## BASIC FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2014

#### 5. Trend Information

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the fiscal year ended June 30, 2014 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	226,589	0.0%	226,589
June 30, 2011	238,296	0.0%	464,885
June 30, 2012	250,520	0.0%	715,405
June 30, 2013	(173,805)	0.0%	541,600
June 30, 2014	110,991	0.0%	652,591

#### 6. Funded Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

For the Year Ended June 30, 2014

**7 Actuarial Methods and Assumptions**

As of June 30, 2014, the District's actuarially accrued liability (AAL) for benefits was \$1,862,132. The AAL by status breakdown is shown below:

Actives	1,551,777
Retirees	310,355
Total AAL	<u>1,862,132</u>
Normal Cost	<u>90,084</u>
Participant Information:	
Actives	60
Retirees, Spouses, Surviving Spouses	12
Total Participants	<u>72</u>

The following key assumptions were chosen by the District:

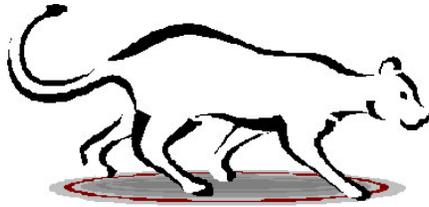
- a. Funding method: Entry Age Normal Cost, level percent of pay
- b. Discount rate: 4.25%
- c. Salary increase: 2.5% per year
- d. Healthcare trend rate:
  1. Medical – 2013 – 9.0%, 2014 – 8.5%, 2015 – 8.0%, 2016 – 7.5% and thereafter – 5.0%
  2. Prescription Drugs – 2013 – 9.0%, 2014 – 8.0%, 2015 – 7.0%, 2016 – 6.0% and thereafter – 5.0%
  3. Dental – 2013 – 8.0%, 2014 – 7.5%, 2015 – 7.0%, 2016 – 6.5% and thereafter – 6.0%
  4. Vision – 2013 – 4.0%, 2014 – 4.0%, 2015 – 4.0%, 2016 – 4.0% and thereafter – 4.0%
- e. Participation rate: 45% of future retirees elect medical coverage, 11.6% elect dental coverage and 13.2% elect vision coverage.
- f. Marital assumption: 70% of current active participants are assumed to be married of these, 60% are assumed to elect coverage for their spouse in retirement. Husbands assumed to be 3 years older than their wives.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED****For the Year Ended June 30, 2014****Note O    Subsequent Event**

On September 9, 2014, the electors of the Districts, approved the District's request to issue General Obligation Bonds in the amount of \$7,337,000 and \$2,500,000 for the elementary and high school districts, respectively, for the purpose of constructing a new elementary school building and to purchase the elementary share of the high school auditorium and for improvements to the high school. As of June 30, 2014, the bond has not been issued, but is expected to be issued on November 25, 2014.





**REQUIRED SUPPLEMENTAL INFORMATION**

**Roundup School Districts No. 55 and 55H**

Musselshell County  
Roundup, Montana  
June 30, 2014

## REQUIRED SUPPLEMENTAL INFORMATION

### BUDGETARY COMPARISON SCHEDULE For the Year Ended June 30, 2014

	General Fund		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Taxes	1,092,898	1,092,898	1,218,211
Tuition	1,269	1,269	1,269
Intergovernmental revenues			
State	3,123,957	3,147,055	3,247,923
Interest on investments	3,694	3,694	3,273
Other revenue	597	597	1,946
Total revenues before reappropriations	4,222,415	4,245,513	4,472,622
Budgeted reappropriations	95,534	95,534	
Total revenues and reappropriations	4,317,949	4,341,047	
EXPENDITURES			
Current:			
Instruction	4,317,949	4,341,047	2,590,572
Supporting services	0	0	706,204
Operations and maintenance	0	0	575,841
Student transportation	0	0	62,571
Food services	0	0	19,539
Extracurricular	0	0	236,568
Capital outlay	0	0	68,790
Total expenditures	4,317,949	4,341,047	4,260,085
Excess (deficiency) of revenues over expenditures	0	0	212,537
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)			(75,000)
Total other financing sources (uses)			(75,000)
Excess (deficiency) of revenues and other sources over expenditures			137,537
Fund balances, beginning (Non-GAAP budgetary basis)			526,734
Fund balances, ending (Non-GAAP budgetary basis)			664,271
Adjustments to generally accepted accounting principles			
Current year encumbrances included in expenditures			222,727
Fund balances, ending (GAAP basis)			886,998



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## REQUIRED SUPPLEMENTAL INFORMATION

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### NOTES TO BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2014

#### 1 Budgetary Process

State Law requires that the District adopt budgets for certain funds, generally those supported by property taxes. Budgeted and non-budgeted funds are as follows:

<u>Fund</u>	<u>Budgeted</u>	<u>Non-Budgeted</u>
Governmental Funds		
General	X	
Transportation	X	
Bus Depreciation	X	
School Food Services		X
Tuition	X	
Retirement	X	
Miscellaneous Programs		X
Adult Education	X	
Traffic Education		X
Compensated Absences		X
Impact Aid		X
Technology	X	
Flex Fund	X	
Interlocal		X
Debt Service	X	
Building		X
Building Reserve	X	
Endowment		X
Fiduciary Funds		
Extracurricular		X
Scholarship Fund		X
Payroll Clearing		X
Claims Clearing		X



**NOTES TO BUDGETARY COMPARISON SCHEDULE – CONTINUED****For the Year Ended June 30, 2014****2 Budgets**

The District's budget is prepared on the modified accrual basis of accounting, including encumbrances, which results in the accounting for certain transactions to be on a basis other than accounting principles generally accepted in the United States of America (modified accrual). The District's accounting records are maintained on the basis of cash receipts and disbursements during the year. At year-end, certain adjustments are made to the District's accounting records to reflect the basis of accounting described above. Reported budget amounts represent the originally adopted budget. Total fund expenditures may not legally exceed the budgeted expenditures. The budget lapses at the end of each year. The results of operations, on the budget basis of accounting, described above, are presented in the Budgetary Comparison Schedule to provide a meaningful comparison of actual results with the budget.

General Fund budgets are based on the State of Montana's Foundation Program, which is based primarily on enrollment. Budgets of other funds are based on expected revenues and expenditures. Budgeted fund expenditures are limited by State Law to budgeted amounts, which may be amended for emergencies as defined by State Law. Budget authority may be transferred between expenditure classifications within the same fund.

Budgetary policy follows:

- 1) By the second Monday in July, the County Assessor transmits a statement of the assessed valuation and taxable valuation of all property to the County Superintendent of Schools.
- 2) Before the second Monday in August, the County Superintendent estimates revenue by fund and provides this information to the Board of Trustees prior to the final budget meeting.
- 3) On the second Monday in August, the Board of Trustees must meet to legally adopt the final budget. This budget is adopted consistent with the District's basis of accounting, except for encumbrances discussed below.
- 4) Upon adoption of the final budget, expenditures and operating transfers are limited to the total fund budget. Unexpended and unencumbered appropriations lapse at year-end. Under State Law and District Policy, management may amend the budget without seeking Board approval as long as the total individual fund budget is not exceeded.
- 5) Individual fund budgets may only be increased with Board approval, in a manner prescribed by State Law (MCA 20-9-161 through MCA 20-9-166).



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## REQUIRED SUPPLEMENTAL INFORMATION

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### NOTES TO BUDGETARY COMPARISON SCHEDULE – CONTINUED

For the Year Ended June 30, 2014

Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if unperformed purchase orders or contracts in process at year-end were completed. They do not constitute expenditures or liabilities, and will not until performance is essentially complete. The encumbrances have been reported as an assignment of fund balance on the Balance Sheet – Governmental Funds. Because inclusion of these obligations is required for budgetary purposes, they have been included in expenditures in the Budgetary Comparison Schedule. The difference between this basis of presentation and GAAP basis is reconciled on the face of this statement.



## REQUIRED SUPPLEMENTAL INFORMATION

### SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

For the Year Ended June 30, 2014

The year ended June 30, 2010 was the year of transition for GASB Statement No. 45 therefore, the requirements of GASB Statement No. 45 have been implemented prospectively. Hence, the below illustration does not reflect similar information respective of the years preceding June 30, 2010. The annual OPEB costs, the percentage of OPEB cost contributed to the plan and the net OPEB obligation for June 30, 2010, 2011, 2012 and 2013, for the District's other postemployment benefits are as follows:

ANNUAL OPEB COST				
	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
Retiree Health Plan	06/30/10	\$ 226,589	0.0%	\$ 226,589
	06/30/11	\$ 238,296	0.0%	\$ 464,885
	06/30/12	\$ 250,520	0.0%	\$ 715,405
	06/30/13	\$ (173,805)	0.0%	\$ 541,600
	06/30/14	\$ 110,991	0.0%	\$ 652,591

The funded status of the plan was as follows:

FUNDED STATUS	
(a) Actuarial accrued liability (AAL)	\$ 1,862,132
(b) Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL) [(a) - (b)]	<u>\$ 1,862,132</u>
Funded ratio (b) / (a)	0.0%
(c) Covered payroll	Not available
Unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll [ {(a) - (b)} / (c) ]	Not available



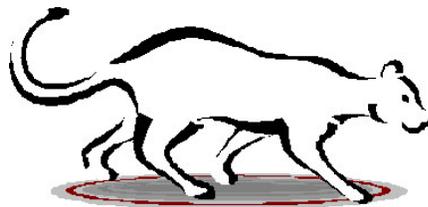
**REQUIRED SUPPLEMENTAL INFORMATION**

**SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

For the Year Ended June 30, 2014

SCHEDULE OF FUNDING PROGRESS							
	Actuarial Valuation Date	(a) Actuarial Value of assets	(b) Actuarial Accrued Liability (AAL)	(b - a) Unfunded AAL (UAAL)	(a / b) Funded Ratio	(c) Covered Payroll	[(b - a) / c] UAAL as a Percentage of Covered Payroll
Retiree Health Plan	06/30/10	\$ -	\$ 2,676,919	\$2,676,919	0.0%	Not available	Not available
	06/30/11	\$ -	\$ 2,790,688	\$2,790,688	0.0%	Not available	Not available
	06/30/12	\$ -	\$ 2,909,292	\$2,909,292	0.0%	Not available	Not available
	06/30/13	\$ -	\$ 1,755,275	\$1,755,275	0.0%	Not available	Not available
	06/30/14	\$ -	\$ 1,862,132	\$1,862,132	0.0%	Not available	Not available





**SUPPLEMENTAL INFORMATION**

**Roundup School Districts No. 55 and 55H**

Musselshell County  
Roundup, Montana  
June 30, 2014

## SUPPLEMENTAL INFORMATION

### COMBINING BALANCE SHEET – GENERAL FUND

For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Elementary Flex</u>	<u>High School Flex</u>	<u>Total General Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	881,036	2,277	3,686	886,999
Taxes receivable	62,629	0	0	62,629
Total assets	<u>943,665</u>	<u>2,277</u>	<u>3,686</u>	<u>949,628</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Deferred inflows of resources:				
Unavailable tax revenue	62,629	0	0	62,629
Total deferred inflows of resources	<u>62,629</u>	<u>0</u>	<u>0</u>	<u>62,629</u>
Fund balances:				
Assigned for:				
Encumbrances	222,727	0	0	222,727
Unassigned	658,309	2,277	3,686	664,272
Total fund balances	<u>881,036</u>	<u>2,277</u>	<u>3,686</u>	<u>886,999</u>
Total liabilities, deferred inflows of resources and fund balances	<u>943,665</u>	<u>2,277</u>	<u>3,686</u>	<u>949,628</u>



## SUPPLEMENTAL INFORMATION

### COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Elementary Flex</u>	<u>High School Flex</u>	<u>Total General Funds</u>
<b>REVENUES</b>				
Property Taxes for General Purposes	1,218,211	0	0	1,218,211
Tuition	1,269	0	0	1,269
Intergovernmental:				
State	3,247,923	0	0	3,247,923
Interest on Investments	3,273	0	0	3,273
Other	1,946	0	0	1,946
Total revenues	<u>4,472,622</u>	<u>0</u>	<u>0</u>	<u>4,472,622</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,520,513	0	0	2,520,513
Supporting Services	695,369	0	0	695,369
Operations and Maintenance	468,595	0	0	468,595
Student Transportation	62,571	0	0	62,571
Food Services	19,539	0	0	19,539
Extracurricular	226,240	0	0	226,240
Capital Outlay	68,790	0	0	68,790
Total Expenditures	<u>4,061,617</u>	<u>0</u>	<u>0</u>	<u>4,061,617</u>
Excess (deficiency) of revenues over expenditures	411,005	0	0	411,005
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers out	(75,000)	0	0	(75,000)
Total other financing sources and uses	<u>(75,000)</u>	<u>0</u>	<u>0</u>	<u>(75,000)</u>
Net change in fund balances	336,005	0	0	336,005
Fund balances - beginning	545,031	2,277	3,686	550,994
Fund balances - ending	<u>881,036</u>	<u>2,277</u>	<u>3,686</u>	<u>886,999</u>



## SUPPLEMENTAL INFORMATION

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2014

Federal Grantor - Pass through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor Number	Disbursements Or Expenditures
U.S. Department of Education			
Direct Programs:			
Rural Education	84.358	S358A060717	10,798
Total Direct Programs			<u>10,798</u>
U.S. Department of Education			
Passed through Montana Office of Public Instruction			
Career and Technical Education - Basic Grants to States	84.048	33-0606-81-028G	13,632
21st Century Community Learning Centers (2013-14)	84.287	33-0605-17-14	48,370
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	Unknown	19,402
Total Special Education Cluster			<u>19,402</u>
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies - Special Achievement	84.010	Unknown	1,247
Title I Grants to Local Educational Agencies (2012-13)	84.010	33-0605-31-13	27,025
Title I Grants to Local Educational Agencies (2013-14)	84.010	33-0605-31-14	268,467
Total Title I, Part A Cluster			<u>296,739</u>
Total Passed through Montana Office of Public Instruction			<u>378,143</u>
Total Department of Education			<u>388,941</u>



## SUPPLEMENTAL INFORMATION

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED For the Year Ended June 30, 2014

Federal Grantor - Pass through Grantor/ Program Title	CFDA Number	Pass-Through Grantor Number	Or Expenditures
U.S. Department of Agriculture:			
Passed through Montana Office of Public Instruction			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	133,333
School Breakfast Program	10.553	N/A	36,034
Non-Cash Assistance (Commodities)	10.555	N/A	15,996
Total Child Nutrition Cluster			<u>185,363</u>
Fresh Fruits and Vegetable Program	10.582		<u>22,813</u>
Total Department of Agriculture			<u>208,176</u>
Total Federal Financial Assistance			<u><u>597,117</u></u>



**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****For the Year Ended June 30, 2014****Note A Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Roundup Public School Districts No 55 and 55H and is presented on the modified accrual basis of accounting including encumbrances. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule differ from amounts presented in or used in the preparation of the financial statements.

**Note B Nonmonetary Transactions**

The District received \$15,996 in USDA Commodities during the 2013-2014 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as an expense of the Fund receiving the commodities.



## SUPPLEMENTAL INFORMATION

### EXTRACURRICULAR ACTIVITIES – SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION For the Year Ended June 30, 2014

Student Activity	Net Position July 1, 2013	Receipts	Disbursements	Transfers	Net Position June 30, 2014
Art Club	538	324	511	47	398
Boys Basketball	4,662	7,497	6,388	(494)	5,277
Athletics-Football	3,007	11,351	14,359	0	(1)
Girls Basketball	3,048	6,261	7,342	0	1,967
Athletics-Track	0	6,166	6,166	0	0
Athletics-Golf	0	4,101	4,101	0	0
Athletics-Volleyball	0	12,094	12,094	0	0
B.P.A.	1,705	17,977	21,183	1,739	238
Band	5,214	16,751	23,259	2,194	900
BPA - Regional	4,324	0	4,324	0	0
Central School	13,723	44,407	43,107	267	15,290
Cheerleaders	1,973	6,133	7,259	2,160	3,007
Chorus	403	6,873	5,322	0	1,954
Class of 2012	0	0	(20)	0	20
Class of 2013	414	0	241	0	173
Class of 2014	617	670	795	0	492
Class of 2015	285	2,053	969	0	1,369
Class of 2016	284	39	32	0	291
Class of 2017	0	39	37	200	202
Close-up	946	0	2	(450)	494
Concessions	264	29,346	15,098	(14,246)	266
District Volleyball Tourney	85	0	0	0	85
Do More	1,225	609	0	(470)	1,364
Dollars for Students	6,221	2,642	3,382	1,053	6,534
Drama	1,587	707	1,187	0	1,107
Subtotal	<u>50,525</u>	<u>176,040</u>	<u>177,138</u>	<u>(8,000)</u>	<u>41,427</u>



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**SUPPLEMENTAL INFORMATION**


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**EXTRACURRICULAR ACTIVITIES – SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION -  
CONTINUED**
**For the Year Ended June 30, 2014**

Subtotal from previous page	50,525	176,040	177,138	(8,000)	41,427
F.C.C.L.A.	11	5,455	7,303	1,994	157
FFA	1,097	14,669	16,577	2,200	1,389
Forensics	0	4,542	4,371	(171)	0
General Activities	12,449	24,963	27,826	(168)	9,418
Academic Olympics	1,405	696	981	0	1,120
Jr. High Athletics	0	9,396	9,396	0	0
Junior High	788	1,741	986	(200)	1,343
Little Guy Football	548	2,203	1,850	0	901
National Honor Society	170	0	70	0	100
Newspaper	194	0	1	0	193
Pep Club	659	2,050	2,135	2,170	2,744
Prides/Heritage	2,945	5,870	2,000	0	6,815
"R" Club	2,775	459	282	0	2,952
Rodeo-Annual	7,865	10,352	11,771	2,300	8,746
Science Club	246	0	0	0	246
Shop Club	227	1,236	1,133	0	330
Spanish Club	188	1,039	0	0	1,227
Spirit	1,053	0	4	0	1,049
Student Council	477	1,476	972	(100)	881
Student Librarians	1,824	2,200	2,334	(25)	1,665
Weight Lifters	582	545	503	0	624
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>86,028</u>	<u>264,932</u>	<u>267,633</u>	<u>0</u>	<u>83,327</u>



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**SUPPLEMENTAL INFORMATION**

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**SCHEDULE OF REPORTED ENROLLMENT**

For the Year Ended June 30, 2014

Grade	Fall		Winter		Spring	
	Enrollment Per FR-4	Enrollment Per District Record	Enrollment Per FR-4	Enrollment Per District Record	Enrollment Per FR-4	Enrollment Per District Record
K-6	344	344	338	338	332	332
7-8	92	92	91	91	88	88
9-12	194	194	198	198	196	196
Totals	<u>630</u>	<u>630</u>	<u>627</u>	<u>627</u>	<u>616</u>	<u>616</u>





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

January 16, 2015

Board of Trustees  
 Roundup School Districts No. 55 and 55H  
 Roundup, Montana

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roundup Public School Districts No. 55 & 55H as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Roundup Public School Districts No. 55 & 55H’s basic financial statements, and have issued our report thereon dated January 16, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Roundup Public School Districts No 55 and 55H’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 Roundup Public School Districts No 55 and 55H’s internal control. Accordingly, we do not express an opinion on the effectiveness of Roundup Public School Districts No 55 and 55H’s internal control.

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Roundup Public School Districts No 55 and 55H's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Roundup School Districts No. 55 and 55H  
Roundup, Montana

### Report on Compliance for Each Major Federal Program

We have audited Roundup Public School Districts No 55 and 55H's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Roundup Public School Districts No 55 and 55H's major federal programs for the year ended June 30, 2014. Roundup Public School Districts No 55 and 55H'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 major federal program.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Roundup Public School Districts No 55 and 55H'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 Roundup Public School Districts No 55 and 55H'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 Roundup Public School Districts No 55 and 55H's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Roundup Public School Districts No 55 and 55H 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 Roundup Public School Districts No 55 and 55H 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 Roundup Public School Districts No 55 and 55H's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 Roundup Public School Districts No 55 and 55H's internal control over compliance.

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

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.

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.

  
Wipfli LLP  
Billings, Montana



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**SUPPLEMENTAL INFORMATION**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30 2014**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?	_____	Yes	_____ X _____	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	No
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

**Federal Awards**

Type of auditor's report issued on compliance for major programs:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?	_____	Yes	_____ X _____	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	No
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____	Yes	_____ X _____	No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED**

**For the Year Ended June 30, 2014**

**Section II – Findings Reported in Accordance With GAGAS**

None

**Section III - Findings and Questioned Costs for Federal Awards**

None

**Section IV - Summary Schedule of Prior Audit Findings**

None

